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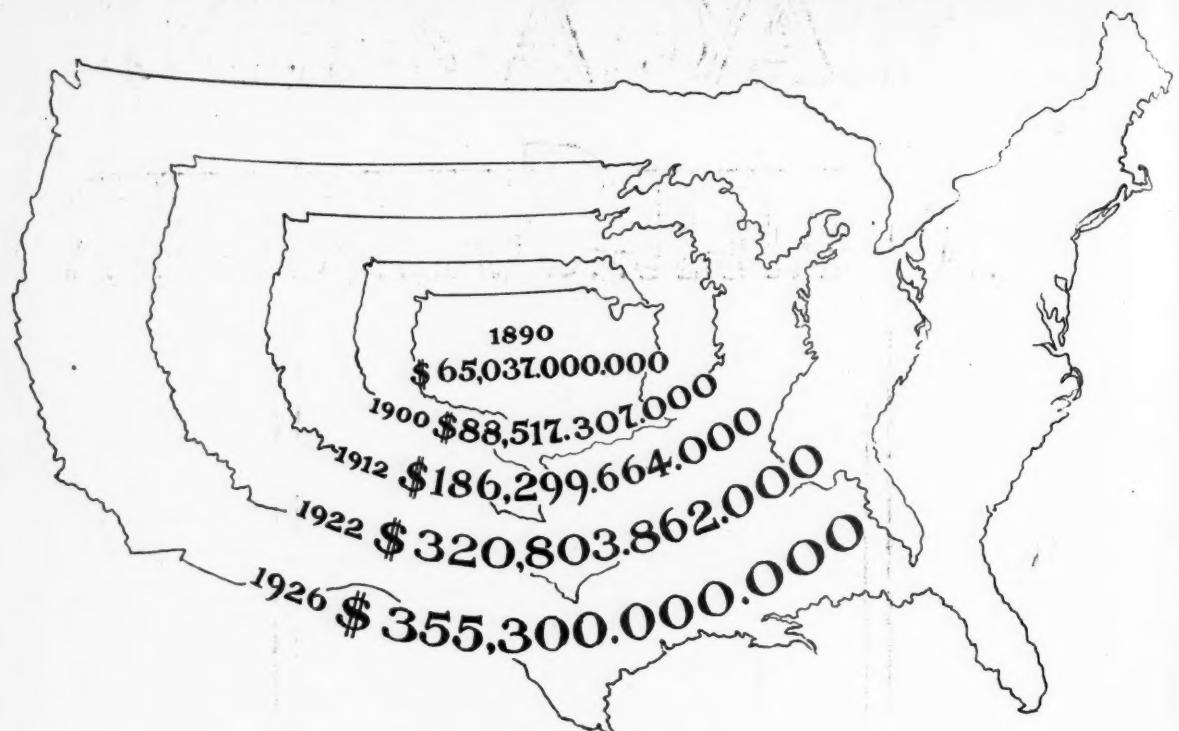
France Ready to Stabilize Franc

by Former Premier and Present War Minister
M. Painlevé

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Vol. 40, No. 3

June 4th, 1927

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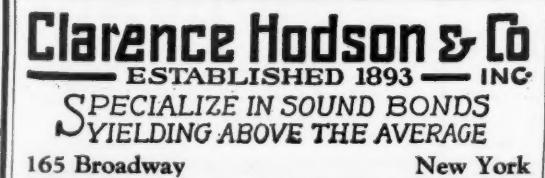
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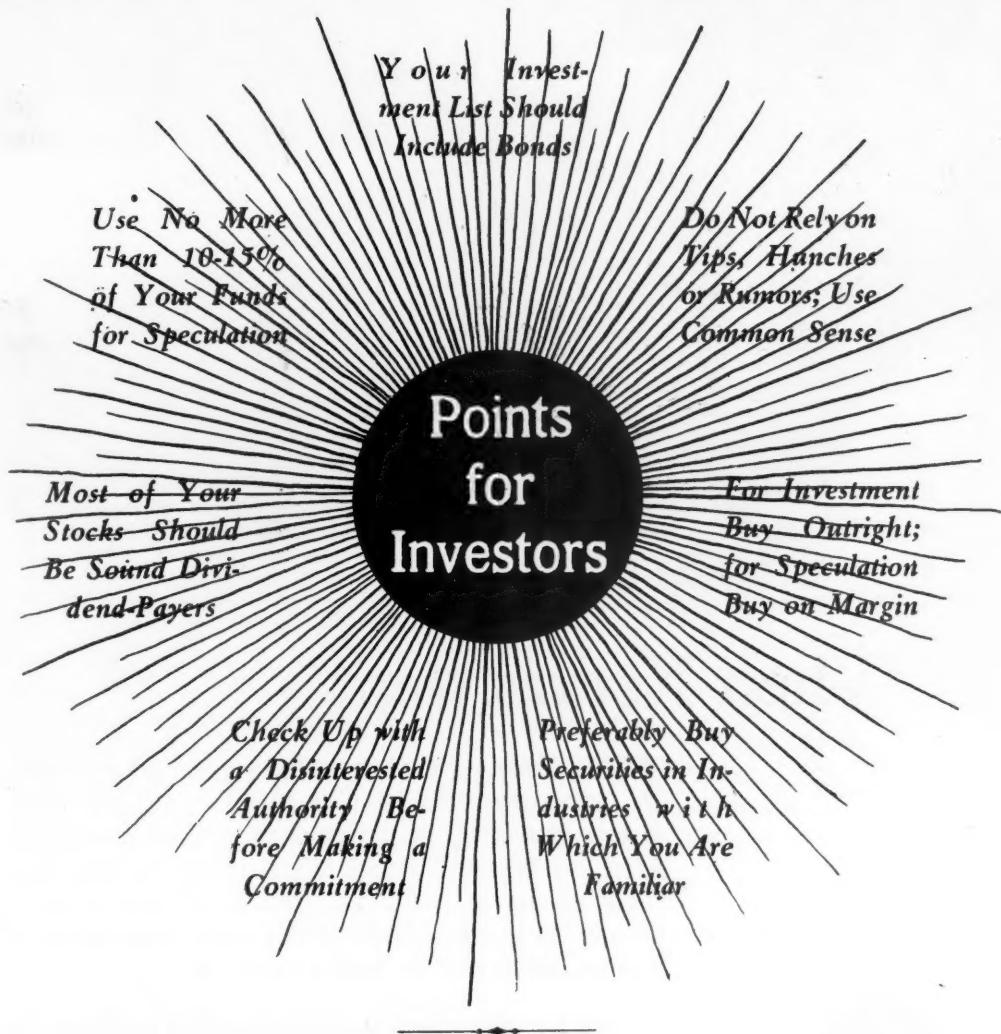
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Plan to buy as a speculation

June 4, 1927

WITH THE EDITORS



In the Next Issue

Ratings of Mining Securities

—covering position and outlook of all mining stocks and bonds listed on N. Y. Stock Exchange.

Opportunities in Preferred Stocks

—a list of attractive investments for income and profit in a neglected division of the securities markets.



When Xerxes wept

THE Great Persian ruler gazed from a hill-top upon his vast army of a million men. It was the largest army that had ever existed. And he turned away with tears in his eyes because in a hundred years all trace of it would be gone. That army was a symbol of power, destructive and transient.



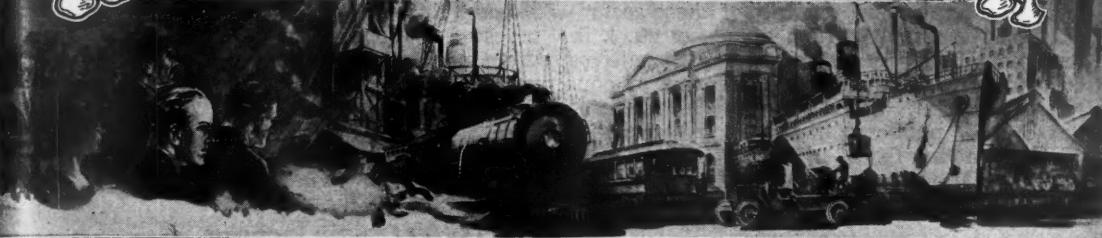
This mammoth steam turbine with a total capacity of 208,000 kilowatts (280,000 horse power) will be installed in the new station of the State Line Generating Company near Chicago. What a striking contrast between this huge generating unit and the group of home devices it operates—MAZDA lamps, fans, vacuum cleaners, and many others. Yet General Electric makes both.

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MANAGING EDITOR

INVESTMENT & BUSINESS TREND

Labor's Share in Declining Prices—Stock Market Influence on Corporate Structure—Dividends and Security Prices—the Move in Bank Stocks—Market Prospect

HE steady decline in commodity prices which, prosperity of large corporations and advertised stock movements notwithstanding, has limited earning power of a very considerable number of business concerns has brought in its wake an entirely new situation fraught with grave potentialities. This is the fact that the rate of wages has been maintained intact in a period of falling prices, and that, hence, labor is securing a proportionately larger share of profits than ever heretofore. In view of the increasing number of business failures and the larger number of concerns not operating at a profit, the present relative prosperity of labor represents an anomaly.

In the final analysis, this is a situation which cannot be expected to endure permanently. Either production must increase to offset the lower prices or wages must be adjusted. At present, the maladjustment is bearing more heavily upon the smaller business concerns than on the very large corporations.

A popular panacea, one much endorsed by a certain school of business "economists" is to emphasize the virtues of high-pressure salesmanship and the instalment plan of purchase. It is claimed that by stimulating sales in this fashion, factories will continue to produce at full blast, labor will be fully employed at high wages and thus a permanent prosperity will endure to the delight of the entire business community. This argument, however alluring, may be dismissed by pointing to the diminishing record of return in precisely those industries which have relied

most heavily on high pressure salesmanship and the instalment plan. The fact is that the average price level has declined for fundamental economic causes and that wages are assuming a steadily increasing proportion of the gross. Obviously, the result, as noted, has been to cut into the margin of profit and, as attested by the growing number of insolvencies, has actually brought about a condition where losses are commencing to assume a prominent proportion. When business cannot operate profitably, it does not operate at all. If, as appears to be the case, one of the great stumbling blocks at present is the high level of wages, it seems that intelligent analysis of the situation is needed, in which labor itself should cooperate.



CORPORATE STRUCTURE

A NOVEL form of facilitating the acceptance of large stock market profits by large operators is in process of creation. This is the setting up of private holding companies whose only object, so far as can be discerned, is to distribute, at a profit, securities in which the insiders are interested. Suppose a capitalist has 10,000 shares of a high-priced bank stock, 15,000 shares of an industrial stock which has enjoyed an important advance and several other blocks of securities. His associates may hold equally impressive blocks. Ordinary distribution through market channels would probably be difficult to attempt. Hence, the setting up of a holding company

whose assets consist entirely of these securities, the creation in turn of a new stock in convenient denominations, and its sale to the public. There are other forms of concealed market distribution as in the case of certain public utility holding companies and a growing list of industrial holding companies. Market exigencies evidently do play a part in shaping corporate structures.



DIVIDENDS AND PRICES

AS witnessed by the steady climb of high-priced securities, the influence of dividends is hardly paramount in making prices. Yields of 2, 3 and 4% for common stocks, which are the rule these days for standard issues, illustrate the situation. Of course, there is reasonable expectation that these yields will be enhanced through declaration of substantial stock dividends, extras and increased regular dividends. Even in such an event, however, based on normal dividend action in such cases, it does not seem likely that the yield on present prices would be increased much beyond 5 or possibly 6%. Examining the situation from the aspect of earnings, we find a stronger case for high stock prices where they exist but, clearly, prices have outrun earnings, too. The strongest influence is the favorable money and credit situation. Funds have been made available for stock speculation to such a degree as to facilitate intense manipulation. The result has been to bring about prices which would have been undreamed of several years ago. From the viewpoint of logic, such prices do not seem warranted and, indeed, it is difficult to see how the investor who buys them today and intends to hold for a period can reasonably expect the probable dividend return to compensate him. In that case, he must look to the market for capital gain or, in other words, must recognize that in the purchase of excessively priced stocks he is speculating rather than investing.



BANK STOCKS

DURING the past few weeks there has been an exceptional advance in bank stocks and, to a lesser extent, in insurance stocks. This represents mainly shifting of interest of conservative investors from ordinary shares. In our May 7 issue, we pointed out the then exceptional opportunities in bank and insurance securities. While the current advance has robbed these securities of some of their former appeal, they are still, as a class, rather undervalued and warrant the consideration of investors. It is sig-

nificant that their popularity among smaller investors is increasing but it is a pity that their merits were not recognized by these investors years ago when they were selling at true bargain prices.



FINANCIAL ETHICS

A FEW years ago one of the oldest and most respected firms dealing in foreign exchange and securities failed through no fault of its own. In debt to a very considerable extent and faced with a generally depressed financial condition, its outlook was so precarious that hundreds of customers involved in the situation were prepared to write off their losses. The management, however, promised to pay off every cent and has just succeeded in liquidating the last of its obligations. Thus the honor of one Wall Street firm is upheld and the reputation of financial organizations generally enhanced. It need not be said that occurrences of this type are steadily tending to make new friends for Wall Street and its institutions.



MARKET PROSPECT

OPERATIONS for the rise in selected stocks continue to be conducted with vigor and determination. The list of stocks which have advanced has broadened out to include those of highly speculative character whereas up to very recently the rising issues were confined mainly to those of investment stamp. The success enjoyed by pool operators has emboldened others to take their chances, a situation aided in part by prevailing cheap money and the increasing tendency of the public to participate in stock speculation. An interesting and significant development in the present stage of the market is the exploitation of low-priced non-dividend paying issues, some of which are having very wide fluctuations. Brokers' loans show the influence of steady expansion of speculative activities as indicated by the exceptionally large daily turnover of stocks. It must be admitted that the present character of the rise is causing some eyebrow lifting in conservative circles. Soundest policy would indicate the desirability of the reduction of highly speculative commitments, the retention only of the sounder investment issues which offer a reasonable yield, and the limitation of new purchases to those stocks of better grade which as yet have not been much exploited. Tuesday, May 31, 1927.

France Ready to Stabilize Franc

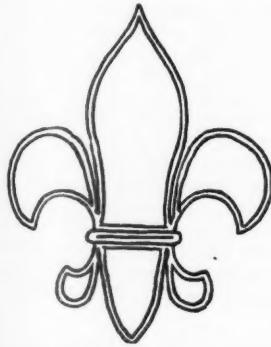
Upon What Factors Does Complete Recovery Depend?
Legal Stabilization of Franc Promised for Near Future.

An Exclusive Interview with
M. Paul Painlevé

War Minister and Former Premier of France

As Interviewed by Roy Hopkins

THE principal impression of this exceedingly important interview is that, given a period of political stability and a continuation of the truce that French deputies have momentarily signed in order that continuity may reign in the financial policy pursued by the French Government, legal stabilization of the franc will soon become a fait accompli. Whether on the other hand the maddening gyrations that have hitherto seriously hampered the most constructive French financier will return is another matter. Yet it may be believed that no party is sufficiently imprudent to put Monsieur Poincaré out of office in view of the conviction that there is no certainty that a collapse of the franc might not again thereby be precipitated.



In the light of the negotiations which have been taking place (and of which the recent Franco-German commercial provisional agreement is a good illustration) for what many Frenchmen call a rapprochement between France and Germany, and the Germans on the other hand prefer to call Ausgleich or Compromise, which is hardly the same thing, an account of an interesting conversation which I have just had with Monsieur Painlevé, French Minister of War and ex-Premier of France, may not be without significance to those who are anxious to discover the present trend of world politics.

Financial Mistakes Require Rectification

Discussing the policy which successive French ministries had adopted when dealing with the economic problems of the day, Monsieur Painlevé declared that, distressing as had been France's internal situation and the aggravation of it that had undoubtedly been precipitated by an often mistaken financial policy, France had not deserved the tenth part of the condemnation that had been showered upon her.

"Great financial mistakes have undoubtedly been committed," he declared, "in the last few years, but the first duty that was incumbent on the country has been fulfilled, namely, that of reconstructing the devastated areas. I recognize that French financial ministers have contracted too many loans and also counted too readily on Germany being able to make good the damages of war such as they had been drawn up by the Allies at the end of the war, but the last supposition at any rate was not too unreasonable, since you must confess that it was generally supposed not only in France but also in England that Germany would be able to fulfill the obligations imposed upon her instead of defaulting as has been the case."

"In no other war that I can remember has a conquered nation possessing a status at all comparable to that of Germany failed so signally in carrying out the terms of the peace treaties. How this illusion and the sequence of loans which it entailed contrived to create a situation that was well nigh desperate from a French point of view has so often been related that I will make no attempt here to deal further with it, but I would point out that in one respect at least the French ministries that have endeavored to cope with the financial problems of the day have deserved well of their fellow country men, in that no one has paid a visit to the devastated areas without expressing surprise at the wonderful manner in which the damages of five years' war have been made good. In this respect, at any rate, good constructive work has been achieved."

Monsieur Painlevé then alluded to a vital factor which in his opinion had materially contributed to prolong the crisis.

"What aggravated still further the almost insuperable difficulties which we had to contend with when dealing with the economic situation of our country was the fact that every constructive scheme devised to set us again on our feet was consistently defeated in the Chamber of Deputies, either by the political obstructionism of the parties in opposition or by the inability in which the promoters of

(Please turn to page 211)

Business and Financial Prospects for Balance of Year

What Are the Essential Facts?

By E. D. KING

This is the last of a series of four articles devoted to the business, financial and investment aspects of the present period. The first article, covering the position and prospects for twelve leading industries, was published in the April 23 issue; the second, on the three leading crops, in the May 7 issue; and the third, on the stock market in the last number.—EDITOR.

THIE object of this analysis is to present to the reader the salient facts related to business and financial conditions as they are likely to apply to the balance of the year. In order to give the most practical value to this article it has been deemed suitable to include only those factors which possess the broadest significance. The arrangement of the topics herein included is perhaps unconventional but seems best suited to the purpose.



Record of
Insolvencies

	1926	1927	1921-1925 Average
January	133.9	141.9	138.0
February	119.0	133.8	128.0
March	106.8	113.8	110.9
April	105.7	108.4	107.7
May	98.5	104.5	103.3

The index measures defaults in proportion to the number of firms in business. It will be noted that each month thus far this year has registered an increase in the percentage of firms that have failed. Furthermore, the monthly record of 1927 shows an excess over the same months of the average for 1921-25. Numerically, the number of insolvencies is now in excess of any year since 1922. Though exact statistics are unavailable, it appears that insolvencies are confined mainly to small concerns. The situation is significant inasmuch as it indicates either one of two possibilities; first, reduction in actual volume of trade due to less spending on part of consumers, or second, the influence of competition by large organizations.

This situation is generally symptomatic of a turn in business conditions, inasmuch as a high volume of consumption spreads general buying over small as well as large concerns whereas when there is some restriction of consumption, ability of large-scale companies to undersell competitors generally limits the opportunities for small concerns.

Probably, both hypotheses given above are sound. In any case, figures bear out the long-held premise

ACCORDING to *Dun's Insolvency Index*, there has been a monthly increase thus far this year in mercantile defaults. The figures are as follows:

that the first sign of a change from general to more moderate prosperity would find small concerns less well prepared to cope with the situation than their larger adversaries.

It may be expected that with a trend already well established the volume of insolvencies this year will be exceptionally numerous. The situation is aggravated in various localities by such extraneous influences as the Mississippi flood, the protracted coal strike, and the diminution of business activities for reasons peculiar to certain localities.



ONE of the contributing causes to this situation, of course, is the relatively depressed state of agriculture. It seems unpleasant to emphasize this situation but, otherwise, there is no true way of understanding the business possibilities of the near future. In typical farming communities, particularly in the West and South, money and credit are difficult to obtain, wherein the situation is quite different from that prevailing in the important cities where money for various purposes is abundant.

Lack of currency in farm districts is due to several reasons among which the following may be cited as being the most important: low prices for agricultural products, high taxes on land which absorb ready cash, and numerous banking failures in rural communities. The number of abandoned farms is steadily growing and this has affected local centres of trade. Business houses largely dependent on village and town trade, which in turn are entirely dependent on the economic state of their surrounding agricultural districts, are feeling the effects of the situation.

On the other hand, large manufacturing and commercial centres are still busily engaged, offering ample opportunity for employment at adequate wages. It is in these centres where trade is most active. Thus the contrast between conditions in agricultural and urban districts is steadily growing more striking.

It is the theory that in the near future agriculture must grow more prosperous or industrial and financial prosperity will be less in evidence. Agricultural prosperity is largely a matter of price. If prices are restored to a profitable level, farm purchasing of goods will immediately reflect the benefit. On the other hand, excessively abundant crops at low prices would plunge the average farmer into even greater difficulties than at present. Obviously, it will not be for several months that the outcome will be clear but it is self-evident that farm prosperity will be determined at that time by the then prevailing and the then prospective prices for farm staples. The business trend thus seems likely to be uncertain or, as at present, irregular until the price outlook for farm commodities is more clearly defined than at the present.



EXPORTS and imports have about maintained an even keel. The following table is indicative:

Foreign Trade	1926		1927	
	Exports	Imports	Exports	Imports
—In Millions of Dollars—				
January	397	416	420	357
February	352	388	372	310
March	374	442	410	377
April	387	397	415	378
May	356	320		
June	338	336		
July	368	338		
August	385	336		
September	448	343		
October	455	378		
November	481	376		
December	465	359		

On the whole, imports have increased slightly faster than exports. However, failure of exports to forge ahead is due principally to the lower cotton prices as well as less foreign takings of food products. Manufactures increased in sales abroad. Increase in imports partly represents increased activities of foreign firms in the domestic market and higher prices for certain commodities, principally sugar. It had been expected that foreign competition would become more acute. Evidently, though making progress, European nations, principally, are not yet in a position to offer strenuous competition. Nevertheless, it is worth while noting progress made abroad regarding cartels. In Germany alone there are 2,000 such combinations, protected, tacitly at least, by government support. France, Belgium and Italy are not far behind in creating combinations in trade and industry and England is busily engaged in combining weak with stronger industrial units.

Though not especially effective as yet, in regard to competition with American industries, nevertheless foreign combinations are being watched very closely as they may have a paramount influence on the future direction of our trade abroad. Practically every commodity used in industry is controlled through combinations. It is true that American concerns are commencing, for self protection, to participate in such

cartels, especially in rayon, manganese, explosives and paints. Unless, however, more progress is made in this direction or unless we create formidable combinations of our own for the purpose of protecting our foreign interests, it is clear that competition from abroad will exert an increasing influence on home industries as time goes on.

Such competition, of course, will not necessarily take the sole form of underselling us in our own home market which to a certain extent is protected by a high tariff. It is in its more subtle form, that of invading our present strong foreign outlets for home production, that competition is likely to become more acute. Such changes naturally take a long time and there is no reason to fear for the more immediate future. From present indications, exports and imports seem likely to continue at about even as at present at least until the end of the year.

The subject cannot be dismissed without considering the effect of foreign tariffs principally erected against our own manufactures. There is an undeniable trend toward protecting home industries in Europe against our invasion. The situation is particularly true of our automobile industry which faces a rather serious problem in the possible loss of markets in important foreign centers.



AVERAGE commodity prices as indicated by the Bradstreet Index are at the lowest since 1922. The average as of the first day on each of the first five months of

Commodity Prices the year since 1922 is as follows:

1922	\$11.5255
1923	13.7909
1924	12.9195
1925	13.7668
1926	13.4207
1927	12.5721

Since December, 1925, there has been a practically uninterrupted decline in average commodity prices, though at present levels, prices seem more stable. From the following table, it will be noted that price changes since the beginning of the current year have

Favorable and Unfavorable Elements in the Business Situation

Favorable

Continued Low Money Rates in Prospect.

Absence of Large Inventories

General Purchasing Power Unimpaired

Comparative Steadiness of Commodity Prices at Lower Levels

Rapidity of Freight Transportation

Satisfactory Earnings of Larger Corporations

Continued Absorption of Investment Securities

Present Sound Political Conditions

Unfavorable

Excess Productive Capacity

Growing Competition from European Combinations

Limit of Operating Economies Reached in Many Industries

Margin of Earnings Diminished Due to Lower Commodity Prices

Potential Weakness of Specific Industries

Smaller Companies Unduly Affected by Competition

Price Level of Leading Stocks Generally Unattractive

Confusion Probable Through Approaching Political Campaign

been relatively mild and narrow in range:

	1927
January	\$12.8195
February	12.5153
March	12.5543
April	12.5309
May	12.4405

Though the deflation of 1920 and 1921 met temporary interruption in the several years following, the record since 1925 is conclusive evidence that world prices are again trending lower. The speed of the decline is less, especially in recent months, suggesting that resistance is commencing to be offered. Nevertheless, it would seem that the general direction of prices will be lower in coming years. For the balance of this year, however, it would seem improbable that any marked change will take place unless it occurs in agricultural prices. It must be considered too that the drop in commodity prices is due much more to the decline in crop prices than in those of materials used in manufacture. But when all allowances are made for special factors, there is sufficient evidence of a general downward movement in prices. This, of course, is due to the world increase in production since the end of the war at which time, Europe, in particular, was released from military to peace time activities. Since there is no likelihood that production in Europe will be curtailed in the near future—rather it seems likely to increase—it may be expected that the downward influence on the price level will continue.



Industrial Production

rate of steel production down to around 80% against the earlier peak this year of over 90%. Automobile production, on the other hand, is trending upward but is still below last year's figures for the same period. Cotton manufactures are extremely heavy, probably the best in years. Chemical sales, except in fertilizers, are also satisfactory though marred by price declines. Railway equipment is improving slightly. Building volume is up to highest expectations with the almost certain outlook that it will show a decline for 1927 as compared with 1926.

As indicated by the record of car loadings for the first four months, industrial and trade conditions have been remarkably stable. The significant feature is that, as based on car loading figures, the 1927 record for the period cited is an improvement even over the brilliant performance of 1926.

Freight Car Loadings (In Millions)

Month Ending	1925	1926	1927
January	4.45	4.42	4.52
February	3.62	3.67	3.82
March	3.70	3.87	4.01
April	4.70	4.79	4.89

Due to flood conditions along the Mississippi and also due to the soft coal strike, it is not likely that May will make such a favorable showing. The balance of the year, necessarily, will depend upon general business conditions and the agricultural situation.

The fundamental weakness in the situation which, as a matter of fact, has never been rectified since it first became noticeable is the fact that plant capacity in almost all industries is excessive and can be maintained profitably only when mills and factories are

Accompanying this phenomenon, and, almost equally pronounced, has been the increase in world consumption without which, indeed, production could not have continued to gain. Both gains have been parallel but with a sufficient excess on the production side to cause prices to drift to lower levels.

In this country, production is now tending more rapidly to outweigh consumption, although the rate of increase in the former, fortunately, has been held back by the prevalent policies of buying for immediate needs. Hence, inventories have been held to healthy figures. At the same time, the advantage has been steadily accruing to buyers who have been persistent in forcing price concessions. Practically, all industries are subject to this present condition.

Undoubtedly, the effect on earnings by this time would have been marked, had it not been for the important factors of increased turnover, efficiency of production and sales methods, and easier financing. These offsetting factors, however, have been enjoyed more by the large than the small companies who, indeed, have keenly felt the force of competition as reflected in the lower price level. Unable to cope with lower prices by sufficiently increasing production and sales, earnings have diminished. Thus, in 1926 and particularly this year we have the rather unusual phenomenon of continued prosperity for the very large organizations, whereas the smaller ones are doing comparatively poorly. This situation has been reflected in the market price of securities.

operating at a high rate. In fact, all production in this country is now geared to a basis which demands large output and rapid turnover. This is due to the price factor. As shown previously, the general trend of prices remains downward, seriously affecting the margin of earnings except where there are offsetting factors such as proportionate reduction of operating expenses or an increase of orders or both. It has been proved that very large corporations with access to easy credit or which themselves possess large resources in working capital, which are able to buy most cheaply owing to their huge volume of purchases, which are able to manufacture cheaply and sell cheaply are in a position to keep their plants reasonably well employed. Thus, while it is true that production has been well maintained as indicated by car loadings and other representative indices, nevertheless maintenance of these high figures is due to the fact not that there has been a general increase in business recently but that the increase is largely at the expense of small companies whose business is being drawn away by their larger rivals. Hence, while production is high and in some cases increasing it is not true that this holds for the majority of enterprises. Furthermore, it does not appear that their present advantage will be relinquished by large scale manufacturers.

Even so far as the latter are concerned, however, there appears reason to believe that the total production for the year will not quite measure up to their previous year's performance. This is partially due to the enormous influence of building and automobile manufacture upon the rank and file of industries. The steel sheet industry, for example, is at a disadvantage owing to drastic price cuts incident to the falling off of orders for sheets by automobile makers. It is estimated that total automobile production for the year will probably be not less than 10% below that of 1926. The building situation is not so severe, but while construction activities are still high, volume of permits show a shrinkage which is a clear indication of future falling off of actual building.

Building and automobile manufacture affect almost every industry in the United States. Hence, their

almost certain falling off in operations, though it is not expected to be marked, is bound to exert an influence on general industrial operations.



Earnings ter also are very mixed. In the steel industry, for example, while the United States Steel Corporation showed an increase during the first quarter, earnings of the others were less satisfactory due to the decline in prices. Automobile company reports were even more mixed and, virtually, the only really satisfactory showing in this field was made by General Motors, though several of the others showed earnings in excess of dividends for the period. Oil reports were rather poor but not so poor as they are likely to be in the second quarter, owing to continued over-production and price cutting. Railroad reports, on the other hand, were rather satisfactory but in some regions, especially those affected by the Mississippi flood, earnings during the present month and probably in June will show a decline. Nevertheless, the larger systems are still doing exceptionally well. There seems no reason to fear any marked change in earnings for the majority of systems during the balance of the year, though on average, a slight decline in net seems in prospect.

It seems worth while emphasizing that price declines have limited earnings of the less efficient industrial units. Such pressure has manifested itself in a growing tendency toward consolidation and cooperative movements. And, of course, it has had its reflection in the growing volume of insolvencies. On the other hand, the large and well managed corporations are easily in a position to withstand the probable small decline in net earnings which they may experience this year, especially since through piling up of huge cash and other liquid reserves, they are extremely strong financially.

Furthermore, ease of money rates facilitates financing on a cheap basis whether for the short or long term, and those companies in a position to float securities on a low yield basis are taking advantage of the present favorable situation to reduce their annual funded obligations. This tends to exert a beneficial influence on their common share earnings, especially since the latter in the case of exceptionally well managed corporations are considerably in excess of present dividend requirements.

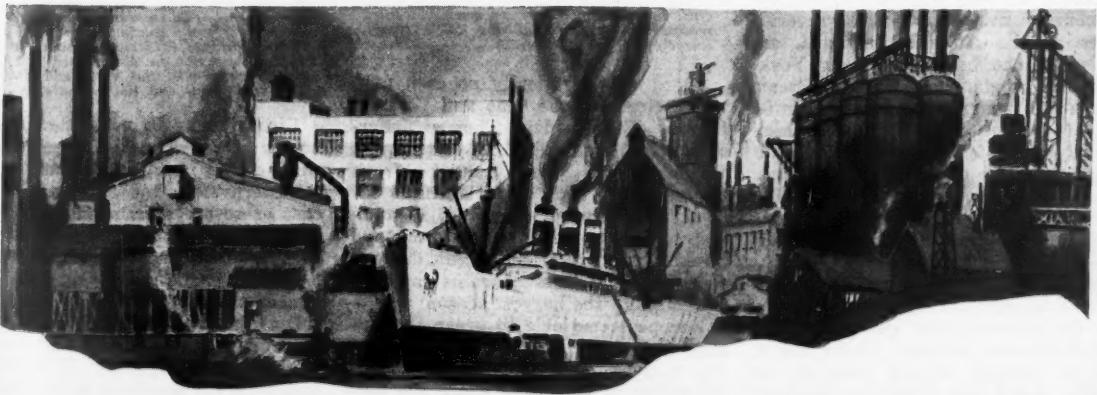


Money and Credit are about 200 millions in excess of last year this time. Bank holdings of investment securities have expanded

ed as a result partly of recent subscriptions to government securities and partly to loans on old and new securities. To lower the rediscount rate from 4% would simply invite wholesale speculation and with the securities markets already at a peak, such a development might contain an element of hazard. It is generally felt that based on present and potential requirements money rates are low enough. No change in either direction seems likely during the next few months and it seems a reasonable assumption that the average of money rates will remain as at present around 4-4½%.

The prospect of continued cheap money has been the paramount influence on security prices. The situation is reflected both in the bond and stock market, where prices, in the main are at their highest level in many years. The ability of investors and institutions to continue to absorb readily the huge aggregate volume of new securities attests to the fundamentally healthy condition of the investment markets. It is to be doubted that the situation will change radically in the case of gilt-edge securities, the supply of which remains surprisingly scarce, the higher levels at which they are now selling having failed to encourage much selling on the part of holders. Less sound issues, of course, are benefiting from the overflowing of funds into their section of the market. There seems no reason to believe that prices generally, in the bond market, will recede materially during the balance of this year at least.

The position of the stock market is more vulnerable, prices in an exceptionally large number of instances having been more responsive to abundant credit than to actual business developments. Not only are stock prices in leading stocks far ahead of present and prospective dividends but excessive from the sheer earnings viewpoint. The situation has lent itself naturally to impressive manipulation for the rise, in which, at the present even the less secure stock issues are participating. The technical position of the market, on the whole, requires rectification which undoubtedly will materialize in the early future. At the same time, there seems little warrant for expectancy of a protracted decline. The market is not likely to lose its new characteristic of a highly developed degree of individualism which obviously affords a continued opportunity for investment in that group of common stocks whose price has not yet outrun value.



Will This Be the Year Without a Summer?

HERBERT JANVRIN BROWN

THIS is the year of the Great Weather Paradox. Will 1927 witness during its crop season the adverse weather conditions of 1816, historically known as "The Year Without a Summer"?

So far, month by month, since last September, the weather over the larger portion of comparable settled areas of North America has duplicated that from September, 1815, to and including May, 1816. Similarly in Europe and Asia, where records are available.

I had predicted, in a hearing before the Committee on Agriculture of the House of Representatives, February 6, 1923, that 1927 would witness a recurrence of the adverse conditions of 1816. This statement has been repeated in public addresses, in a score of magazine articles, and literally in thousands of newspapers at frequent intervals ever since. Numerous other forecasts, months, seasons and a year or more in advance have been made covering world weather, continental weather, and weather by countries and sections, with a high average of success; but the public caught by a striking phrase quite as much as by its implication of disaster, awaits with keen interest the developments of the next five months, not only in the United States but in Canada, Mexico and the West Indies, in fact, in every quarter of the globe.

Records of 1816 with a fair degree of accuracy are available for several points on the Atlantic Seaboard, as well as in the interior of New York and New England. Also for Great Britain and many points on the continent of Europe, and in more or less general terms for other civilized and settled portions of the globe of that period. Beyond question, it was a difficult year in both Europe and America. English newspapers are responsible for its startling designation. Briefly, along the Atlantic Seaboard the opening months were not excessively severe, save for characteristic swings toward storms and cold periods. There was a turn to nearly normal weather in March. April was more like January than its habit, and May saw killing

frosts. June for its season was even worse. I shall quote from Peirce's "Weather Records," published in Philadelphia in 1847, and covering month by month the weather for the previous years back to 1790, his entries for May, June and July, 1816:

"MAY. The medium temperature of this month was 57, and she was really a frosty jade. Her frowns were many, and her smiles few. Northerly winds, with cold, frosty nights prevailed, until every green thing was either killed or withered. A melancholy hue appeared to seal the fate of all vegetable life. Buds and small fruit froze upon the trees. On some mornings there was ice from a quarter to half an inch thick, in exposed situations. Corn was replanted two or three times, and very little ever came to perfection. There were two Northeast rain storms.

"JUNE. The medium temperature of this month was only 64, and it was the coldest month of June we ever remember; there were not only severe frosts on several mornings, but on one morning there was said to be ice. Every green herb was killed, and vegetables of every description very much injured. All kinds of fruit had been previously destroyed, as not a month had passed without producing ice. From six to ten inches of snow fell in various parts of Vermont; three inches in the interior of New York, and several inches in the interior of New Hampshire and Maine.

"JULY. The medium or average temperature of this month was only 68, and it was a month of melancholy forebodings, as during every previous month since the year commenced, there were not only heavy frosts, but ice; so that very few vegetables came to perfection. It seemed as if the sun had lost its warm and cheering influences. One frosty night was succeeded by another, and thin ice formed in many exposed situations in the country. On the morning of the 5th there was ice as thick as window-glass in Pennsylvania, New York, and through New England. Indian corn was chilled and withered, and the grass was so much killed by repeated frosts, that grazing cattle would scarcely eat it."

There was practically no corn anywhere North of the Ohio and Potomac Rivers. Ex-President Thomas Jefferson's crop was killed at Monticello, Virginia, by the August frost. Drought over wide areas added to the injury. In Europe, however, in addition to cold weather, snowstorms and terrific hailstorms, the great damage was done by incessant rains prior to and through the harvest season.

Europe seems able to grasp the significance of the threat. The consuming nations have imported enormous quantities of grain far above the normal requirements as indicated by the

reported shortages of their crops.

Germany has just issued an order prohibiting the exportation of wheat, rye, oats, barley and corn until July 31. Poland, an exporting country, is importing grains. Russia is still far below her grain exportation schedule and promises.

Let us lead up to a consideration of the coming months by brief examination of the forecast made August 20, 1926, for the wintry season now barely closed:

"The Winter of 1926-1927 in North America.

"The coming winter will be, over a large extent of North America, one of the severest ever recorded.

"To avoid the criticism of the cut-and-dried meteorological mind, I do not refer to the so-called calendar winter, which begins 'officially' on December 21, and ends on March 21. I refer specially to winter weather, whenever and wherever it begins and whenever and wherever it ends.

"I forecast a winter which will begin early in the fall and end late in the spring. It will be characterized by heavy snowfalls, and in the Great Plains and Western Plateau by severe blizzards. It will be marked by extremely deep snows in both the Sierra and Rocky Mountains, as well as over the Northeast.

"While these snows forecast the filling of the western reservoirs in the spring, the storms will require an unusual amount of protection for live stock on all the exposed ranges. Sheep and cattle ranchmen who ignore this warning face disaster."

I then went exhaustively into the elements of causation, and concluded:

"This means the production of violent storms and cold waves herein forecasted, coming early and continuing to a late period in the spring. Whatever may be the intervals of warmth in the winter, the never sleeping enemy of the North will always be seeking a point and time of attack."

First, it may be noted that this was not a forecast of abnormally cold weather, as has so frequently been misinterpreted, but distinctly a forecast of severe storms and cold waves, heavy precipitation and deep snows in specified sections, with winter weather beginning early and ending late. These phenomena are precisely what have taken place. The first blow of winter weather was the great cold wave of September 23-26, 1926. It caused the dropping of one-third the apple crop of Washington and Oregon. Several

hundred thousand bushels of North-western potatoes were frozen in the ground. This cold wave had been forecasted as to date on the 19th of July and its strong probability at a much earlier date.

Without special reference to several cold waves intervening between September and late December, there came a series from December 31 on through January, causing heavy losses in early vegetables around the circuit of the Gulf Coast into Florida and of citrus fruits in the latter state. There were more nights of frost in Georgia and Florida in this period than had ever hitherto been recorded. Blizzards and deep snows occurred with appalling regularity through January, February, March and April, especially in the Great Plains, the Plateau and the great Northwest. The forecasted precipitation in the West Coast states was not only far above the normal, especially to the south, but the reservoirs were filled to overflowing for the first time in years.

Heavy snows and rains fell in Western Canada from the Sierras to the Great Lakes. Since the first of May snow has been falling intermittently in the Northwest from the mountains to the head of Lake Superior and more is yet to come. May we not then consider that this forecast of a long severe winter has been adequately fulfilled?

Let us make an addition. The forecasted cold wave of April 16-24 swept

all the way from the Pacific Northwest and Northern California clear to the Atlantic Seaboard, causing twenty million dollars of losses to fruit and vegetables. The Department of Agriculture has published reports received from correspondents in every section of the country to the extent of thousands of words, giving in detail the locations and extent of this extraordinary and practically unparalleled nation-wide crop injury. This may clearly be written down as in part fulfillment of this long standing forecast of weather adversely affecting fruit and vegetable crops in thirty states!

In 1816 there was a fifty-foot flood in the Ohio River. It was the forerunner and contributor to an extensive overflow in the Mississippi, but at that time the Mississippi Valley was uninhabited save by Indian tribes. There was in 1816 a rebuilding of Fort Dearborn on the site of the present city of Chicago. St. Louis was a mere trading post, and New Orleans bewailed the fact that the city which made possible Jackson's victory over the British should be left to suffer unparalleled losses from the flood without assistance. There were no levees

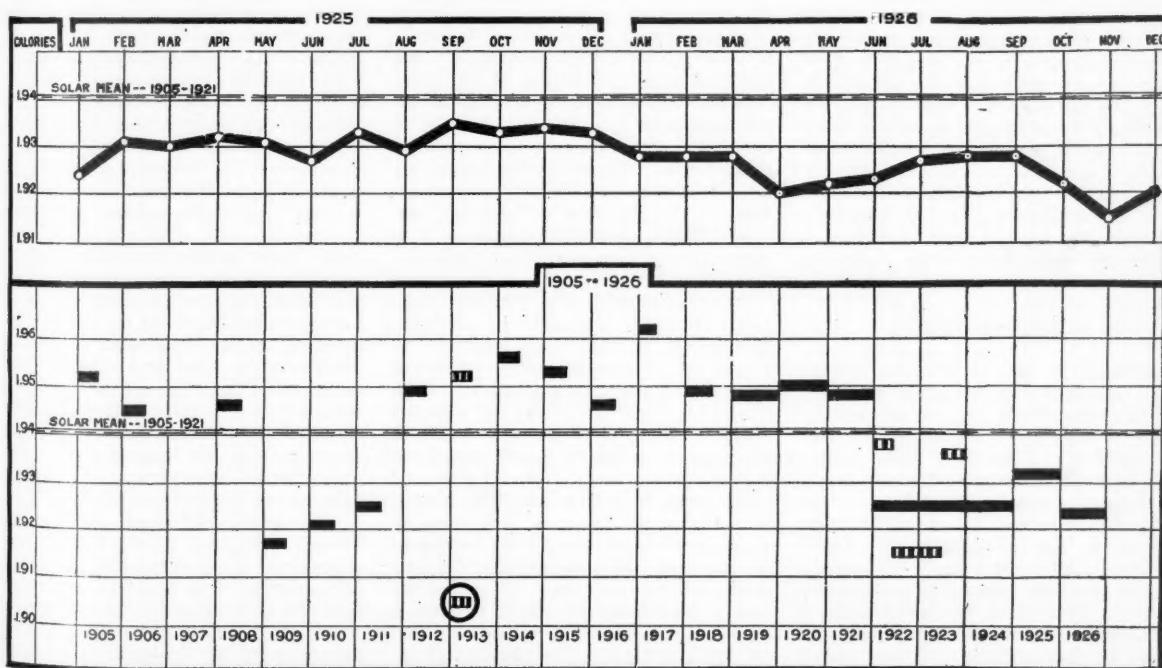
to restrain the spreading waters of the great river and its overflow was an annual incident. What of the present unprecedented flood?

Somewhat prophetic now seems the statement before the House Committee on Agriculture in 1923 when I said:

"We are too apt to be optimistic and to think that great calamities never will happen. Not one man in a hundred, even of the wisest, considered in June, 1914, that we were going to have a world war, and yet we had it. Very few of us think that the Mississippi Valley could have the stroke which struck the Volga Basin, and yet it is which to happen, and has happened in the past."

According to Dr. H. C. Frankenfield, Chief of the River and Flood Division of the United States Weather Bureau, a leading authority, the Mississippi River disaster had its origin in the great rainfalls of last August, September and October through the Corn Belt and the states of the Middle Mississippi Valley. This had been definitely forecast by me March 17, 1926. Upon this foundation was imposed the rainfall of March and April which I had predicted January 1, 1927. Shall I then be imposing upon credulity as to the adverse elements of coming months when

(Please turn to page 242)



Solar Constant

The upper section of this graph illustrates the monthly mean changes in solar radiation for 1925 and 1926. Above this line is given the solar mean for the period 1905 to and including 1921, at 1.94 calories. The lower section gives the annual means from 1905 to the end of 1926. The hatched diagram in the circle for 1913 indicates the figures as taken, but that period saw the earth's atmosphere heavily clouded with dust from the Katmai volcanic eruption and there is grave doubt as to the value of these observations. The opinion of the writer is that the true values are in line with the observations for 1912 and 1914, and are therefore hatched into position to indicate that relationship. The means for the years 1922-24 stand at 1.924, but because of the extraordinary low solar radiation values from June of 1922 to and including June of 1923 the values for the first months of 1922, the last months of 1923 and the intervening period are also given in hatched lines. The lines for 1925 and 1926 disclose in both sections of the diagram that solar radiation values for 1926 are not only below those for 1925, but even lower than the mean figures for 1922-24, which up to the present time sustain the forecast made March 16, 1925, in the Bulletin entitled "Sunspots and the Solar Constant" that the approaching sunspot maximum would be accompanied by a depression in solar radiation. The mean values for the five years 1922-1926 to date are 1.924 calories. When the cumulative effects of long period solar radiation values are fully understood, changes seemingly as slight as set forth in this diagram become profoundly important in their control of the weather.

Q Is the Traditional 7% Preferred Stock Becoming Obsolete? Is it Giving Way to Other Forms of Financing?

Q Is the Current Trend Toward Company Substitution of Bonds for Preferred Stock Desirable from Viewpoint of Owner of Common Shares? For an Answer to These Important Questions Read:—

A Novel Method of Refinancing

By A. M. WOLLER

THE recent action of Allis-Chalmers Manufacturing Co. in replacing its preferred stock with an issue of debenture bonds, following a similar course on the part of the Standard Oil Co. of New Jersey a few months previous, is an interesting by-product of the plethora of investment funds and the ease in the money situation. It is particularly noteworthy in that it represents a radical change in policy by companies which have been habitually free from funded debt.

The matter resolves itself into a question of whether a corporation with well established earning power sufficient to cover annual charges on its prior securities by an ample margin year in and year out, is justified in reducing the charges ahead of common dividends even though a substitute of fixed obligations for securities upon which payments are discretionary is entailed. In other words, is it advisable to weaken the capital structure theoretically for the sake of adding a moderate amount to the common stock's equity in earnings?

A New Development

Absence of funded debt has always been considered a desirable attribute in an industrial enterprise much more than in the case of railroads and public utilities in order to provide protection against the greater fluctuations in earnings to which industries on the average are subject. As a result, there are very few railroads and public utilities but a great many industrials which have no permanent obligations prior to their stock issues, dependence being placed upon banking accommodations if the necessity for new funds for short term purposes arises, or upon the sale of additional shares if the stock is sufficiently attractive to command a ready market.

To find companies then, which have always prided themselves on being able to finance all their requirements without recourse to bonds, deliberately calling their preferred stock for redemption and providing the greater part of the necessary funds through a new

Companies Which Might Properly Issue Debentures in Place of Preferred Stock Now Outstanding

- | | |
|---|---------------------------------|
| 1. <i>American Brake Shoe & Foundry</i> | 3. <i>Fairbanks Morse</i> |
| 2. <i>American Steel Foundries</i> | 4. <i>Owens Bottle</i> |
| | 5. <i>Schulte Retail Stores</i> |

bond issue, is indeed a startling development, made possible only by the rapidity with which high grade securities are absorbed under present conditions and the consequent ability to market them at a low rate of interest. A wider spread is thus created between the standard 7% return of the preferred stocks of the majority of industrial concerns dating back a decade or more, and the normal return on high grade bonds. Formerly, the amount to be gained was insufficient to compensate for the expenses involved in a recapitalization and the customary premium involved in preferred stock redemption.

There is another factor in the situation, however, although it probably springs from the same source. It would not be sound practice to create funded debt when unnecessary, even though a material saving be effected thereby, if there were any business depression in sight to impair corporate earning power in general. In times of stress, such as occurred in 1921, a company is obviously in a far stronger position with optional dividend requirements than with compulsory interest charges. An even keel of prosperity and a reasonably favorable outlook is essential to justify a recapitalization of this character. The plethora of investment funds, in large part responsible for the ease with which low interest bonds may be floated, is itself the result of prosperity, so that in the last analysis prosperity is requisite to a sound application of the new policy. In the one case, however, the benefits to be derived are a consequence of past prosperity, while the justification depends on future prosperity or at least freedom from business depression.

Common stockholders benefit not only from the lower interest charges as compared to the former dividend requirements, but also from the reduction in income tax arising from the fact that interest may be deducted before arriving at the amount of income subject to taxation. As long as the tax on corporation profits remains at the present high figure, therefore this will constitute a further incentive to the substitution of bonds for preferred stock.

A Current Example

Allis-Chalmers is admirably adapted for this experiment in corporate finance owing to its strong asset position in conjunction with its remarkable stability of earnings in comparison with the average industrial enterprise. The chances are very much against the company encountering any difficulty in meeting its fixed charges except in the event of a totally unexpected change in conditions which would hardly occur during the life of the present bond issue. It is worthy of special note that earnings showed only a moderate recession in the post-war deflation, never having fallen below \$4 a share on the common, at a time when industrial profits of any kind were the exception rather than the rule. In the case of a company of this calibre, it makes little essential difference whether the senior security takes the form of funded debt or preferred stock from the point of view of its intrinsic position.

The actual difference between the former preferred stock dividend requirements and interest charges on the new debentures is \$405,000, equivalent to \$1.56 per share on 260,000 shares of common stock outstanding. This amount plus the saving in income tax and minus the loss in other income occasioned by the sale of a portion of the securities held should represent the increment in the earnings equity of common stockholders. In the absence of detailed information concerning these items, the amount of securities to be sold and the exact income formerly received therefrom, it is necessary to rely upon the statement of the company that the net saving to the

common is equivalent to \$1.66 per share annually. Adding this to the \$9.39 earned in 1926 gives a theoretical earning power of over \$11 a share under the revised capital structure, which, if reasonably assured of continuance, would easily permit an increase in common dividends from a \$6 to a \$7 rate.

The improvement in the position of the junior security accomplished by the transaction appears to justify taking advantage of current conditions in the money market even though a theoretically less desirable capital structure is involved. While it is fruitless to prognosticate as far as ten years ahead, at the same time, the fact that Allis-Chalmers elected to sell bonds maturing in ten years rather than a longer term issue might well indicate an intention to eliminate eventually all capital obligations prior to the common stock through retirement of the debentures at maturity from accumulated profits or by the sale of additional common stock. Upon this would depend whether the present action is in the nature of a temporary expedient, in the broad sense, prompted by unusual conditions, or a permanent policy of employing funded debt to the exclusion of preferred stock in the makeup of the capital structure.

Position of 7% Preferreds

A study of this matter brings up the fundamental problem as to whether the traditional 7% cumulative preferred stock, so indispensable to corporations in the past is giving way to other forms of financing and becoming obsolete. In some quarters this form of security has been looked on with disapproval as a sort of hybrid, possessing neither the safety of bonds nor any share in growing profits. It is sometimes maintained that the payment of dividends not being essential to solvency, basically a preferred stock is but little sounder than the common stock of the same company.

Such objections have been largely responsible for the insertion of convertible or participating features in many cases in recent years, in order that senior shareholders may benefit to a greater extent in the event of expanding profits. This contention, although containing an element of truth, is not altogether warranted, for many corporations have been able to main-

tain preferred dividends uninterrupted during lean periods when omission of common payments became necessary. There is no doubt, however, that as a result of the protracted strength in the bond market and the great increase in common stock values in recent years, the preferred stock with an unvarying maximum income return has lost much of its popularity which will hardly be restored pending the continuation of present money conditions.

The tendency for the present, at any rate, may be expected to favor financing by bonds rather than preferred stock, at least on the part of strong industrial enterprises. The fate of the fixed income preferred stock will hardly be known until the termination of the present period of industrial prosperity. With any interruption of prosperity of more than a transitory character, the inherent disadvantages of too great a proportion of funded debt will become more apparent, and the pendulum may swing in the other direction.

Reference is made of course to the general situation and not to Allis-Chalmers. That particular company appears well protected against adverse contingencies, and, as has already been stated, is especially well adapted to the substitution of debentures for preferred stock for the purpose of effecting a saving in charges. As long as the policy is followed only by companies strongly entrenched financially with a background of stable earning power, it appears like a perfectly legitimate operation. It remains to be seen to what extent the idea will be emulated by companies whose earnings are subject to considerable fluctuations, and which are not in a position to increase their fixed charges with impunity. Therein lie the chief elements of danger in such a tendency. There

may be a temptation for corporations enjoying a relative degree of prosperity, although perhaps only recently emerged from a period of indifferent earnings, to enhance artificially the income applicable to their common stocks in this manner.

A By-Product of Prosperity

There are, on the other hand, natural limits to the accomplishment of such a recapitalization on a favorable basis. In the first place, the credit of the company must be sufficiently strong so that the bond issue to be sold may carry a low coupon rate, especially in the case of debentures, which, of course are to be preferred over mortgage bonds from the point of view of the company and the common stockholder. In the second place, the price at which the preferred stock may be redeemed must be sufficiently low so that the premium over par necessary to retirement will not entail an outlay of funds so extensive as to counteract the greater part of the saving effected from the lower interest charges as compared to the preferred dividend requirements to be eliminated.

The inherent conservatism of some managements would act as a bar to replacing a preferred stock with a bond issue. Moreover, there are companies that could well afford to take such action but that are virtually prevented from so doing. American Can preferred, for instance, one of the soundest of industrial stocks, is non-callable. National Lead preferred, another issue in the front rank, was recently made non-callable out of deference to the wishes of stockholders who were much averse to any action which would deprive them of so solid an investment.

The time has not arrived as yet, therefore, to view with alarm this novel form of recapitalizing.

It is a highly interesting development, nevertheless, that deserves careful observance, especially as regards the extent to which it is employed in future by corporations in various stages of prosperity. It is a by-product of prosperity and cannot be considered a permanent phase of corporation financing until it has withstood the test of a partial business depression. Similarly, it appears adapted only to companies having reasonable assurance of future prosperity of large dimensions.

Important!

The next issue contains our annual Ratings of Mining Securities. All listed stocks and bonds of copper, smelting, silver, gold, coal and miscellaneous metal companies will be covered.



Local Taxes Becoming Burdensome

Greatest Weakness in Our System Is Tendency for State and Municipal Governments to Increase Their Indebtedness

By

NATHAN B. WILLIAMS*

EVERY twelfth adult person in the United States is drawing money from public treasuries. The rest of us are paying his salary.

Is this too great a diversion of labor and income from industry and commerce? Tangibly and intangibly are these 2,700,000 public job holders worth their keep? Their combined salaries are about \$3,500,000,000 yearly—almost half the total wages paid out in industry to its millions of workers and the total cost of government in this republic is about the same as the whole pay-roll of American industry—wages and salaries.

If the reader of this happens to be the much mentioned, but never located, average man he is giving \$90 a year to the clerk who receives his tax bill—and he works six weeks in every year to do it. As the head of a family of five persons, he works about ten weeks a year to pay the wages and spendings of these servants. Can you afford such a charge? Could you use ten weeks' income to better advantage than the government? And whether you can afford it or not, are you getting your money's worth?

Doubling Up on Taxes

It is not only that the present tax burden is heavy but that it is several times what it was before the war and tending to get heavier. Fifteen years ago you used to give government in one form or another about 6% of your income and now you give it 12%. Maybe your check-book stubs don't show it but those are the percentages of taxation to national income in 1913 and 1923. There is no explaining away the increase of taxation by saying that the dollar is now only a sixty-cent dollar and by pronouncing an oration on the increase of national wealth and the expansion of prosperity. The incontrovertible fact is that you are giving the government just twice as big a proportionate cut from your income as you did fifteen years ago.

"But the war——," you say.

All right, let's "but" the war full measure. That was mostly a federal government tax bill, and the peak of

National, State and Local Indebtedness

(Totals in Millions)

	1902		1915		1922		1925	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
State	\$233	\$2.99	\$533	\$5.41	\$1,163	\$10.74	\$1,399	\$12.40
Local	1,603	20.74	3,476	35.81	7,754	71.61	10,000	86.96
State & Local	\$1,836	\$33.73	\$4,009	\$40.22	\$8,917	\$82.36	**\$11,746	**\$102.46
National	1,178	14.89	1,191	11.83	21,250	208.25	20,510	179.80
GRAND TOTAL	\$3,014	\$48.62	\$5,200	\$52.05	\$30,167	\$291.61	\$32,256	\$282.26

1902 1915 1922 1925
National Wealth 89 billions *186 billions 321 billions 370 billions

* 1912. ** Estimated.

that prodigious load was reached in 1921. Federal taxation rates are being steadily reduced—the 1926 reduction was equivalent to \$450,000,000 on the same income—and the expenditures (following huge curtailments) are now pretty near stationary. Barring another great war, it is reasonable to expect that while the total of federal expenditures may hereafter increase the rate should decrease as the years go by.

But the total tax bill is reduced but little.

Roughly speaking, every time Uncle Sam releases a dollar of taxation, state and local tax collectors grab it.

Back in 1903 state and local taxes were \$861,000,000 and federal taxes, \$521,000,000. Now, after the Federal government has incurred and is paying for the terrific expense of the costliest war in history, it is costing \$3,300,000,000 a year while the states and localities are extracting about \$3,200,000,000 from the same population. Without anything comparable to the war emergency for an excuse, the minor governments are taking six times as much from their people as they did two decades ago. And the end is not yet; state taxes increased 25% from 1922 to 1925, and city taxes, 28%. I calculate that state and local taxes together were \$7,500,000,000 in 1925, and the grand total of all taxes, about \$10,700,000,000. To this you can add about another billion to get the total public revenues and total expenditures. Twelve billions a year for government!

Increase in Indebtedness

These are certainly ominous figures on their face. But they do not tell the whole of the tale. Public debts are being heaped up rapidly, thus fastening a heavy burden

of taxation for long years. State and local bonded borrowings are increasing at the rate of a billion a year, while federal indebtedness has been declining at the same rate. State and local debts are now in excess of ten thousand millions of dollars, whereas they were only a thousand millions thirty years ago. Bonds have been issued to pay current expenses, tax rates have been raised, assessments have been inflated. What does the public get in return for these enormous sums of borrowed and tax money?

Between 1913 and 1922 (according to the National Industrial Conference Board)‡ bonded borrowings were applied as follows:

Non-Commercial (in millions)	
Streets, roads and bridges	1,977
Sewers	423
Schools	1,075
Public buildings	317
Parks	116
General funding and improvement	396
Soldiers' bonuses	152
Total	4,456

Commercial (in millions)	
Water works	540
Municipal gas and light	93
Harbor and water front	150
Street railways, ferries, canals	350
Irrigation and reclamation	100
Rural credits	32
Total	1,265

For every borrowed dollar that the state spends productively it sinks five dollars irrecoverably—dollars that will some day have to be followed by equal or larger amounts from the taxpayers' pockets. It is no unusual thing for bonds to be issued without sinking fund provisions. One large city has actually issued long-time bonds to finance a municipal street railway that will be junk within ten years.

That too large a part of our extravagant public spendings are on credit instead of cash account may be inferred from the fact that the public debts of our political subdivisions are increasing more rapidly relative to population than are taxes, enormous as the latter are. In 1915 the elusive average person had to find \$34.66 a year to satisfy all his tax collectors,

* Associate Counsel, National Association of Manufacturers and member of National Committee on Tax-Cooperation. As Interviewed by Theodore M. Knapp.
† Credit is hereby given to the Industrial Conference Board for some other statistical references in this article.

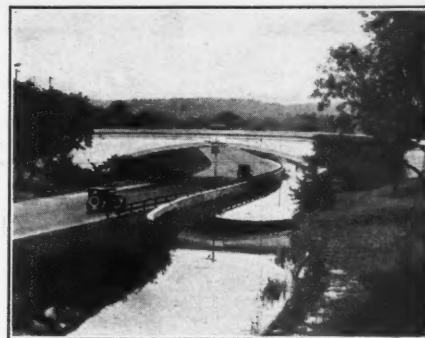
excepting Uncle Sam's representative; by 1925 this amount had grown to \$70.33. While thus paying annually he found that his share of the local and state public debt had grown from \$40.22 in 1915 to \$102.46 in 1925—and it's still marching on.

Year by year the subdivision interest charge creeps up, burdening generations yet unborn, whereas within ten years after the greatest debt-amassing orgy in his history, and indeed all history, Uncle Sam is reducing his interest charges, along with the principal of his debts, at a rate that indicates that he may be scot free of debt seventeen years hence.

The outlook is that by 1932 state and local debts will exceed the national debt. Take New York City as a horrible example of local spendthriftiness. Its annual public costs for 7,000,000 people are \$500,000,000, equal to the entire expenditures of the national government for 76,000,000 people in 1901! As late as 1915 the national debt was only half as much as the metropolis' debt today.

The country is spending more than a billion dollars a year for roads, of which \$750,000,000 are for rural roads, or ten times as much as 25 years ago. This tremendous outlay is largely paid for by bonds, which often improvidently run for a longer period than some of the roads will last. Expenditures for public schools are probably now 50% more than those for roads, and are five times as much as they were twenty years ago—and three times as much per pupil.

Good roads and good schools are worthy objects of public expenditure. But they can be attained too fast. What does it profit the taxpayer if he spends so much for roads that he cannot afford an automobile to run on them, or if his school taxes are so great that he has difficulty to clothe his children suitably for school attendance? We are paying for good roads and good schools in ways we little suspect. We have given up two rooms of the family dwelling. We used to have eight rooms and comfort; now we have six rooms—maybe only two—and inconvenience. We have accepted exile from the house and lot to the folding-flat, we long ago parted with the maid-servant, and we have sacrificed all the goods of spaciousness and a bit of solitude and have reduced privacy almost to immodesty.



"The country is spending more than a billion dollars a year for roads, of which 750 millions are for rural roads, or ten times as much as 25 years ago."

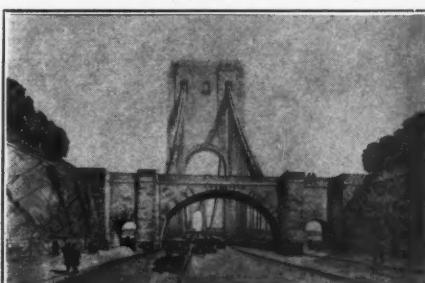


"In some localities the county authorities are extremely generous in their expenditures for new county buildings, 'as a matter of civic pride' but they increase the local tax bills."



Photographs by Ewing Galloway

Expenditures of public schools are probably now 50% more than those for roads, and are five times as much as they were twenty years ago.



Bridges, tunnels, etc., all call for steadily increasing appropriations, which tend to greatly increase local taxes.

The Waste

Our feeling that we have been injudicious in the amount of our public expenditures is aggravated by the consciousness that a proportion of every public dollar is wasted. We are convinced that we use no adequate means of watching or disciplining the horde of officials and public employees that are spending our substance. Just think of 2,700,000 people on the public pay-rolls—and every mother's child of them active and keen to get more for themselves, and often more or less indifferent as to what is left for the poor boob of a taxpayer. Behind these 2,700,000 are, in turn, the different powerful interests (with one or more of which every citizen is identified) that profit from prodigal public expenditures. For the sake of a particular benefit from a public expenditure we sacrifice our general interest as citizens—and explode when we are confronted by the tax bill.

We really have cause to apprehend that industry will be slowed up by the burden of taxation. In feudal times taxation was nothing but extortion—merely a system by which the stronger plundered the weaker. Taxation was the badge of social inferiority. The taxpayer was an oppressed wretch. The surplus of production was so sure to be wrenched from the producer that he had no object in producing any surplus. Thus society became economically static or decadent. Are the producers of our day and nation not in danger of becoming the victims of public extortion? The baronial castle on the mount was picturesque, the mailed knights and jerkined bowmen a goodly spectacle, but a besotted and bestialized peasantry paid the dear price. Our palatial schools, our imposing city halls, our superb roads fill us all with admiration and pride, but can we stand the price? May they not oppress us as the baronial castle the villein in the valley below? You can figure how much weight a swimmer can carry up to the drowning point. In some rural communities taxation is already half of production; that is certainly beyond the economic drowning point.

Root of Farm Distress?

On hundreds of thousands of farms taxation is half or more of the net income from the capital invested. The answer of the farmers is desertion of the country and abandonment of the farm. Actually, tens of thousands of farmers have just pulled up and left the old farm to its fate, neither rent nor sale being possible. Taxation, I am convinced, has far more to do with our vexed farm problem than is commonly suspected. Good roads, for example, have eased competition in some instances and increased it in others. Many times have they forced economic readjustments at a pace too great for many farmers. It is like a new industrial invention, splendid for society in the long run, but perilous in the extreme to a group slow of adjustment.

(Please turn to page 236)



¶ Little Do We Realize the Gigantic Burden of Fraud on Business Though We All Share in the Cost.



Modern Business - an ' Easy Victim , of ' Fraud

By
Arthur M. Leinbach



MERICAN business and the American people carry the staggering burden of two and one-half billion dollars as the yearly cost laid to the door of financial fraud and "money crimes." The disclosure of so tremendous a sum and the discussion of its effect on business and industrial activity calls for a clear definition of the term "money crimes"; especially in these days when crime of the front page newspaper variety holds such a strong grip on the public imagination and interest. The reader must first understand that crimes such as murder, treason, slander, or any type of criminal violence arising from lust, hatred or jealousy, notwithstanding the spirited newspaper "copy" which they furnish, have no place in this discussion. Neither is the existence or cost of such crime recognized in the facts and figures quoted here.

The Cause

What we will term "money crimes" arise largely from either greed or poverty. They are crimes perpetrated on property rights, as established by our laws, as embodied in American traditions and as held sacred by the philosophy of free and civilized peoples the world over. Furthermore, having a definite economic background and a profound influence on commercialism, money crimes lend themselves to serious analytical thought.

Experts in this special field of crime, say that it has increased tremendously during the past decade in direct proportion with the growing complexity of business organization. Two years ago or so, it reached its peak and from that level it has neither risen nor receded up to the present time. That business crimes have been held in check, even though at such a high level, is attributed to the adaptability of business in surrounding itself with protective measures as well as to the slowly falling cost of living during this period with a gradually growing measure of material prosperity for the masses of the people. As they grow more and more familiar with the causes and results of money crimes, foresighted industrial leaders hope to alleviate the burden now carried by business and individuals, thus releasing national wealth for the more productive and more useful needs of the country.

A Large Annual Charge on Business

The world has become so accustomed to billion dollar figures that sometimes by their very size they seem to lose significance. A few billion dollars for example is likely to be set down by itself as just "another long string of figures." When one stops to consider, however, that as an annual charge, the cost of financial crimes and the expenditures for their prevention consume over 3% of the yearly national income of the United States, it becomes a matter well worth serious consideration. Greed, dishonesty, the misdirected "get-rich-quick" spirit and sheer inability of some lines of business endeavor to support a satisfactory standard of living for its workers—this is the nourishment on which money crimes have fattened.

Hanging like an evil octopus on the shoulders of great business enterprises with its legion of tentacles reaching here and there, strangling the weak and unfortunate individual, the nation not only pays for its support but also for the costly weapons to protect itself against its constant encroachment. The direct losses are suffered by corporate and individual victims. Protection, insurance, and tax charges find their way into production costs and handling charges. Ultimately the burden rests with the consumer, with the shareholder and the employee. So the answer to the question of who pays this two and a half billion dollar tribute is—all of us. The safeguarding of man's property rights which we hold essential to liberty, happiness and the public welfare is indeed a costly undertaking.

The foregoing estimate of two and one-half billion dollars is supplied by William B. Joyce, chairman of the National Surety Company, a leading authority on business crimes and practical measures for their prevention. Lest the reader fear that some extravagance plays a part in the compilation of this figure, a few of the more im-

portant single items will be enumerated. The largest single item of the money crime loss and the one which perhaps comes closest to the attention of the great mass of individuals is the yearly aggregate loss from fraudulent securities—the tribute exacted from the nation by the fake stock promotor. Prosecuting officials and the officers of the legitimate security exchanges agree on the round number of one billion dollars from this source alone. Credit frauds, not considering unavoidable and honest bankruptcies, are estimated by credit men at around 300 million dollars annually. Losses through embezzlement are placed at 125 million dollars a year by surety company officials who set a figure of around 100 million annually for losses through forgery.

Already we have accounted for about two-thirds of the total in terms of actual loss without as yet, to paraphrase a familiar slogan, considering one cent for defense. Here a round half billion dollars is taken up in the cost of ferreting out, prosecuting and punishing the perpetrators of money crimes. The annual premiums paid by individuals, merchants and corporations for surety premiums to forty of the leading companies in this field represents another 100 million of which about half is direct "crime insurance" and the rest is largely an essential protection against potential invasion of property rights in one form or another.

The nation's expenditures for protective agencies, special officers, burglar protective devices, armored cars, outside audits and the hundred and one minor protective devices against financial crime might conservatively be said to consume at least 100 million dollars. Even in the narrowest conception of protection against violent and petty money crimes, one comes well up to the formerly mentioned aggregate, while cash registers, for one instance, are not purchased only to make it easier for clerks to change money.

More Stringent Laws

There are those who have found in the increasing tendency of financial crimes a real cause for alarm and consider how it can be prevented as well as detected. And it is largely to their efforts that the so-called crime wave of post-war years appears at least to have been held to a stationary level. More stringent laws and more severe justice, as provided recently by the New York state legislature in the Baumé Law, have had a marked effect on all types of crime, including the money crime in its various forms. Seven state legislatures have already followed the Empire State's example, and it is expected that others will take a similar course. But as far as business crimes are concerned there are other factors that have long demanded investigation and a public hearing.

In the case of the money crime, those who have spent their lives in intelligent study of tendencies and means of prevention agree that, in this particular crime field, the motives are pretty well isolated into two or three groups. By definition the perpetrator of financial crime or fraud is motivated by the desire or the necessity to obtain money. Through the phenomenal growth in commerce and industry in the United States since 1914, American business has exposed an unprotected side to both the experienced and the amateur vultures who, to use their own term, find their fraudulent and criminal practices "easy picking." In the growth of national wealth from around 170 billion dollars before the war to over 350 billion dollars at present, business management and administration is no longer on quite the same basis as before the war.

The proprietor no longer retains his personal supervision over the efforts of all his employees, neither can he personally attend to their selection. Business moves on a faster pace. The personal encouragement of the individual employee is frequently lost sight of in the group welfare efforts of the organization as a whole. Competition is keen and precautions are sometimes sacrificed for the sake of gaining time and profits. The modern business executive will frequently turn to crime insurance rather than the more costly measures that would tend to prevent crime.

Consequently, he prevents losses to himself or his corporation but in a measure only does he prevent crime. When, through his negligence, he is required to pay larger premium rates, he may find it necessary to reduce his wage expense and place unqualified employees in responsible positions having already protected his company against loss through crime. Thus, the vicious circle grows ever tighter.

An Interesting Illustration

The cost of protecting the corporation against criminal losses, naturally, varies a great deal with each line of business, and depends largely on the manner in which the company is organized and managed. The opportunities for money crimes open to both its own employees and the hardened criminal, ever lurking on the outside, also depends to a great extent on the manner in which the company is organized and managed. From figures supplied by crime prevention experts, the following items of annual cost for a typical mercantile company doing a million dollars gross business a year would not be excessive: fidelity and burglary insurance premiums, \$2,500; special officers and payroll transportation, \$5,000; outside audits (two a year),



© Ewing Galloway

In the First Line of Defense—

with reckless amateurs joining the ranks of the experienced criminal, Officer John Law's task has become more dangerous and difficult.

\$3,500; credit department, including insurance premiums, \$12,500; mechanical theft protection devices, including burglar alarms, check protectors, etc., \$1,500. In addition there are extra expenses that must be accounted for, such as personnel investigations, supervision of employees and the portion of local and national taxes that are devoted to police protection, detection and prosecution of crime. Striking a rough total, one finds the ordinary criminal protection costs alone, however, in this imaginary case to run as high as \$25,000 a year, or 2½% of the gross income.

These costs are only a portion of the price that American business pays for its complexity. Mass production operations and the whirlwind pace of industrial activity that has amazed the world for its efficiency and profits has also given to American business this unwelcome foster-child of petty and violent money crime. In Europe where commercial life still tends to move along at the sure and safe tortoise pace, profits are lower; efficiency is at a low ebb from the American point of view, and the earning power of both capital and labor is only a fraction of the ratios maintained in this country. Still, the rampant wave of money crimes and the huge burden imposed by the necessity of self-protection is almost unknown to the European business concern. This is especially true of the bold amateur—a distinctly American product of post-war vintage.

past industrial era. The business executive must prepare, therefore, to put up with the parasitical money crime, which creeps along an underground channel, side by side with the growth and extension of legitimate business enterprise. Likewise, the new commercial pursuit of protecting business against the inroads of the criminal appears to have an essential function for a long time. This profession includes the bonding company, auditing concerns and credit insurance companies, the check protector company, the manufacturer of mechanical crime detection and protective devices, the armored transport concern,—at present a gallant and efficient army which have arrayed their forces to the defense.

Neither can the business executive afford to relax his vigilance. Stern laws and quick punishment tend to hold in check the practices of the hardened criminal. Elaborate and costly measures of defense and retaliation are limiting

revolutionary changes have taken place in our business life and the adaptability of industrial concerns to the new conditions is a tribute to the genius of American business executives. The tremendous strain of the war found industry equal to the task of speeding up output to meet the unusual emergency requirements of the moment. The shock of post-war deflation was absorbed with equal sturdiness. The enormous tax load placed on our corporations while they were struggling to meet the new peace time requirements was assumed by industry with exceeding good grace.

In much the same way, the commercial world must now consent to



© By "P. & A. Photos"

The raided San Francisco headquarters of Henry H. Edwards, known as the "Lone Wolf" of counterfeiting, with equipment for making fake paper money.



Photographs through courtesy of National Surety Company.
A check counterfeiting plant at Cleveland which supplied a gang of forgers with spurious check forms of large banking houses.

Those who make it their profession to familiarize themselves with the practices of financial crime, hold that there is no relief in sight for American business as long as the factors on which money crimes flourish continue to exist. These factors in turn are conceded to represent an integral part of the modern scheme of commercial activity. It is preposterous to suppose that American business methods will suddenly execute a right-about-face and return to the simple precepts of a

Discovered by the Buffalo police in a hotel room—one of the most complete check raising outfits ever assembled under one roof.

the opportunities of the professional forger, the fake stock promoter, the bank embezzler, the corrupt bankrupt and the strong armed hold up men. General prosperity slowly spreading through the social fabric of the country within recent years relieves the economic pressure that is

responsible for the numerous instances of petty money crimes. All this has prevented a marked increase in money crime during the past two years but has not in any way lightened the tremendous burden which the nation is carrying and which it will probably continue to carry for many years in the future—one of the most alarming evils of modern commercialism; still, this crime tendency is held to be an unavoidable penalty.

During the past two decades many

carry along the money crime burden and prepare itself to ward off the integration which tends to spread from the living ulcer through the entire body. Economists point to the futility of eliminating the conditions on which the business crimes flourish. The economic pressure, which turns unfortunate individuals who were never intended by nature to belong to the criminal class into the ways of crime as a financial expedient, is an irresistible force to be reckoned with seriously. The tremendous pace of commerce and industry is held to be essential to our national prosperity. Since there is little likelihood that our present eminent industrial and financial mechanism will deteriorate, little hope is in sight for a material change in the present scope of financial losses and money crimes.

It appears rather to be a matter of making the best of an unfortunate situation, with business continuing to work out its own salvation, while maintaining an efficient line of first defense against the motley army of money crime perpetrators. Recognition of the burden which these practices place on the commercial welfare of the nation, is an important step in the right direction.

The Magazine of Wall Street's Adjustable Rating System

As Applied to Petroleum Securities



HE purpose of these tables is to provide investors with a ready reference whereby they may compare the relative investment or speculative merits of the principal oil securities listed upon the New York Stock Exchange.

Each security has been given a rating, the significance of which will be apparent by reference to the Explanatory Table set forth below. The common stock ratings are simple and require no interpretation since their meaning is clearly indicated by the explanations contained in the right hand column of the accompanying table. In the case of bonds and preferred stocks, however, care must be exercised in applying the ratings in the Explanatory Table to those contained in the Adjustable Ratings Tables on succeeding pages. Thus, to determine whether a given bond or preferred issue is attractive in its respective class, due weight must be given to its yield as compared with the average for that class. In other words, if the yield should be above the average, it may be considered a desirable investment, or speculative investment; if the yield is below the average and there are no offsetting factors, it should be regarded as unattractive at current prices. Instances where such offsetting factors seem to exist are indicated in the comment.

To cite examples, a given bond may have an A1

rating, which signifies that it is an investment of the highest grade. But if the yield is under 4.9%—the average for its class—that bond could not be regarded as an attractive purchase at prevailing prices. Similarly, a preferred stock having a B3 rating would, of course, belong in the class of "Desirable But With Speculative Element," meaning that it is subject to relatively wide price changes and its dividend cannot be considered entirely secure except under favorable conditions. To be an attractive purchase, the yield of such a stock should be compared with the average of its type. If, in this case, it is under 6.95%, that would indicate it is not desirable at prevailing levels unless there are certain other factors that put it in a particularly favorable light.

The same line of reason is to be applied to all other grades of preferred stocks and bonds, except in those instances where the A5 and B4 ratings are involved. Since a comparison of yields in these cases would lack significance, the merit of each security must be judged by the descriptive matter.

It is to be noted that these rating tables are intended primarily to classify each security from the standpoint of investment or speculative merit, yet at the same time, they are designed to point out what issues seem attractive and which unattractive under prevailing conditions.

—Explanatory Table—

SECURITIES HAVING THIS RATING:	OCCUPY THIS INVESTMENT CLASS	AND ARE ATTRAC- TIVE IF THEIR YIELDS EXCEED THIS PERCENTAGE
BONDS		
A1	Highest Grade Investments.....	4.90
A2	Better Grade Investments.....	5.20
A3	Good Investments.....	5.80
A4	Contain Investment Merit with Element of Risk.....	6.40
A5	Too Speculative for Consideration Except Individually.....	*
PREFERRED STOCKS		
B1	Highest Grade Investments.....	5.40
B2	Good Investments.....	6.35
B3	Desirable But With Speculative Element.....	6.95
B4	Too Speculative Except for Consideration Individually.....	*
COMMON STOCKS		
C1	Possessing Investment Merit.....	{ Attractive at Unattractive at Current Price Current Price Attractive at Current Price Unattractive at Current Price
C2	Having Investment Merit But Too High Priced.....	
D1	Possessing Speculative Possibilities.....	
D2	Position and Outlook Uncertain.....	

*As these issues should be considered individually, the yield-basis upon which they may be deemed attractive will vary with cases.



THE MAGAZINE OF WALL STREET'S Adjustable Rating Tables



Recent Price Yield % M.W.S. Rating

AMERADA CORPORATION.—Independent company operating in Mid-Continent; principally crude oil producer but also manufactures casing-head gasoline; earnings largely increased since 1924.

Common Stock (\$2.00).—Common only outstanding capital obligation. Has possibilities of speculative order in event oil industry returns to stable footing

30 6.67 D1

AMERICAN REPUBLICS CCRP.—Holding company. Controls producing and oil transporting companies; also subsidiaries engaged in supply, equipment and tank car business.

15-year Debenture 6s, '37.—Unsecured obligation but fairly well protected....

99 6.15 A4

Preferred Stock (7% Cum.).—Dividends earned by good margin but issue is speculative. Listed on N. Y. Curb. Inactive market

93 7.53 B4

Common Stock—pays no dividends. Variable and unimpressive record. Common subject wide price movements

46 .. D2

ATLANTIC REFINING Co.—One of the largest producers of lubricating oils and gas in the Standard Oil family. Earnings on upgrade but lacks control of own production.

Debenture Gold 5s, '37.—Unsecured but protected against prior mortgages. High-grade investment

102 4.71 A1

Preferred Stock (7% cum.).—Good investment strongly protected in earnings and asset value.....

117 5.97 B1

Common Stock—Earnings were \$11.58 a share last year. Restoration of dividends follows retirement of 4½% notes. Long range possibilities based on ability to pay more.....

110 3.67 C1

BARNSDALL CORPORATION.—Producing and refining company with settled production in the Mid-Continent and valuable holdings in California and Seminole field. Scope extended by acquisition of Waite Phillips last year.

15-year S. F. Debenture 6s, '40.—Sold with detachable stock purchase warrants to finance Waite Phillips acquisition. Issue has some speculative possibilities. Bonds without warrants selling on 7.05% yield basis.....

99 6.08 A4

Capital Stock (Class A and B, \$2.50).—Exploitation of newly acquired property has been successful to date. Earnings likely to be affected by depressed oil prices but shares have fair speculative prospects

26 9.59 D1

CALIFORNIA PETROLEUM CORP.—Principally a producer with valuable property scattered throughout California fields; scope increased by expansion in recent years and operations more diversified than formerly.

S. F. Gold Conv. Deb. 5½s, '38.—Direct obligation well protected by earning power. Convertible into common on sliding scale, beginning at \$40.....

99 5.62 A2

Recent Price Yield % M.W.S. Rating

S. F. Gold Conv. Deb. 5s, '39.—In same position as 5½s and convertible on same basis

94 5.67 A2

Common Stock (\$2.00).—Comfortable financial position. Good earning power under ordinary conditions but suffering somewhat from price war. Attractive long range speculation.....

24 8.33 D1

GENERAL ASPHALT Co.—Largest producer of asphalt products; has exclusive concession to famous Trinidad "asphalt lake." Oil properties leased on royalty basis.

S. F. Conv. Gold 6s, '39.—Not secured by mortgage but adequately protected in indenture. Convertible privilege may become valuable during life of this bond

108 5.10 A2

Preferred Stock (5% cum.).—Follows comparatively small bonded debt. Low yield but has speculative appeal through conversion feature

118 4.24 B3

Common Stock—Potential increase in earnings from South American oil lands and other activities brings dividends nearer but payment depends upon improvement in oil industry.....

77 .. D1

HOUSTON OIL Co.—Important oil and natural gas producer; controls new pipe line to supply Houston, Texas, with gas service.

S. F. Gold 6s, '35.—Secured by pledge of Houston Pipe Line 6½s. Amply protected but too close to call price to be attractive

104 5.87 A2

Common Stock—Sharp improvement in earnings last year apparently due to increasing importance of natural gas output. Speculative exploitation renders stock uncertain holding at current levels

132 .. D2

INDEPENDENT OIL & GAS.—Holdings in established districts in the Mid-continent field.

Convertible Debenture 6s, '39.—Convertible into common on sliding scale, beginning at \$35. Unsecured obligation with speculative possibilities but inactive unlisted market.....

99 6.12 A4

Common Stock (\$1.00).—Erratic record but good showing made in last two years. Essentially speculative, prospects hinging upon trend of oil prices..

20 5.00 D2

INDIAN REFINING CO. INC.—Small refining company. "Havoline Oil" principal product. Position materially improved in last three years.

Preferred Stocks (7% cum.)—Will probably be exchanged for shares in new company under contemplated plan of recapitalization. Dividends \$36.75 in arrears

105 .. B4

Common Stock—See above. Position purely speculative. Uncertain possibilities

9 .. D2

LAGO OIL & TRANSPORT.—One of the leading producers in Venezuela, controlled by Pan-American Petroleum. Exploiting vast concessions in Maracaibo Basin,

THE MAGAZINE OF WALL STREET



THE MAGAZINE OF WALL STREET'S Adjustable Rating Tables



Recent Price Yield % M.W.S. Rating

Recent Price Yield % M.W.S. Rating

which appear to hold prospect for extensive production.

Common (\$3.00)—Market valuation of common shares of over 100 million dollars at present appears to have discounted probable developments for some time ahead.....

28 10.70 D2

LOUISIANA OIL REF. CORP.—Principal holdings in Texas and Louisiana fields.

Preferred Stock (6½% cum.)—Fairly well secured issue convertible for 4 shares of common stock at \$25. Slow market

93 6.99 B4

Common Stock—Although outlook for dividends is brighter as result of fair gain in earning power, payments unlikely under present conditions. Issue in purely speculative position.....

13 .. D2

MARACAIBO OIL EXPLORATION Co.—Engaged in development of properties in Venezuela, principally in Maracaibo Basin. Has working and royalty interests with Standard of N. J. and Gulf Oil.

Capital Stock—Long range speculative prospects predicated on ultimate emergence from development stage.....

13* .. D1

MARLAND OIL Co.—A progressive and efficiently managed producer, refiner and marketer of petroleum products with valuable holdings in Mid-continent and Mexico.

Capital Stock (\$4.00)—A well sponsored long pull oil speculation but rather unsatisfactory showing made last year and recent slump cast doubt upon maintenance of present dividend.....

38 10.53 D2

MEXICAN SEABOARD OIL Co.—Exclusively a producer owning extensive acreage in Mexico.

Capital Stock—Earnings and production are subject to wide fluctuations, rendering the capital stock decidedly speculative. Seems unable to stage "comeback"

6 .. D2

MID-CONTINENT PETROLEUM CORP.—Important independent producer and refiner with valuable oil holdings and well maintained refining properties.

1st Gold S. F. 6½s, '40—First mortgage on all real property further secured by deposit of stocks of subsidiaries. Callable at 105.....

105 5.94 A3

Preferred Stock (7% cum.)—Followed by common stock having present market value of 45 million dollars; dividend earned on very wide margin.....

100 7.00 B3

Common Stock (\$3.00)—Earned \$4.71 a share in 1925 and \$5.89 last year. Dividends resumed in March. Should weather present storm in oil industry easily

31 9.68 D1

MIDDLE STATES OIL—Making progress in hands of receiver at gratifying rate. Valuable producing properties in Mid-Continent.

Common Stock—Future dependent upon reorganization of company. Worth holding but entirely speculative from viewpoint of new commitments.....

2% .. D2

PAN AMERICAN PETROLEUM & TRANS. CO.—Affiliated with Standard Oil of Indiana. Extensive holdings in Mexico augmented by acquisitions in Venezuela through control of Lago Oil & Tr.

Marine Equipment 7s, '30—First lien on fleet of tank steamships worth substantially more than outstanding bonds.....

105 5.37 A1

Convt. S. F. Gold 6s, '34—Well secured investment. Convertible into Class B common at \$70 and callable at 103. Conversion privilege has possibilities..

103 5.47 A2

Common Stock (\$6.00) (Class "A" and "B")—Speculation with some promise for long pull through South American operations; pays attractive return at present dividend rate.....

60 10.00 D1

PAN-AMER. WESTERN PET.—Controls oil lands, refineries, etc., formerly held by Pan-American Petroleum in California.

Common Stock—Company hit a double blow by losing lease on Naval Reserve oil lands and over production on West Coast that renders present outlook uncertain

23 .. D2

PHILLIPS PETROLEUM Co.—One of the important independent producers in the Mid-continent district owning a large reserve of proven oil lands. Still growing under able management.

Debenture Gold 5¼s, '39—Direct obligation, amply protected by company's earning power

99 5.35 A2

Capital Stock (\$3.00)—Shares have possibilities on present and prospective earnings. Should respond readily to any improvement in oil situation.....

43 6.98 D1

PIERCE PETROLEUM CORP.—Formed as operating company to take over business of Pierce Oil Corp. in 1924 reorganization.

Common Stock—In uncertain speculative position. Earning power negligible 3⅓ .. D2

PIERCE OIL CORPORATION—Now operating subsidiary of Pierce Petroleum Corp.

Debenture Gold 8s, '31—Unsecured obligation assumed by Pierce Petr. Corp. Decidedly speculative.....

100 8.00 A5

Preferred Stock (8% cum.)—Dividends in arrears since Feb. 22. Uninviting prospect for speculation

20 .. B4

Common Stock—Future uncertain. Company has 9.66 millions profit and loss deficit

5% .. D2

PRODUCERS & REFINERS CORP.—Producer and refiner in Southwest fields; controlled by Prairie Oil & Gas Co.

1st S. F. Gold 8s, '31—First mortgage lien on all fixed assets including leaseholds and stocks of subsidiaries.....

111 4.92 A2

Preferred Stock (7% cum.)—Although dividend is earned, it is not paid; highly speculative

47 .. B4

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THE MAGAZINE OF WALL STREET'S Adjustable Rating Tables



	Recent Price	Yield %	M.W.S. Rating
Common Stock—Public has minority interest in stock and hence is at mercy of Prairie Oil & Gas.....	32	..	D2
PURE OIL COMPANY.—An important independent with diversified interests in all phases of the oil business.			
1st S. F. Gold 6½s, Ser. "A," '33—Direct obligation amply secured in respect to both assets and earning power.....	103	5.75	A2
Preferred Stock (8% cum.)—One of three issues of preferred, alike in every other respects except dividend rate. This issue callable at 110.....	113	7.08	B2
Common Stock (\$2.00)—Fairly stable earning power; frequent extra stock dividends paid in past years, now paying \$1.50 cash and 50c extra. Good possibilities in improving oil market.....	27	7.40	D1
ROYAL DUTCH COMPANY.—An oil company of international importance with holdings in almost every part of the world.			
"New York" and "American" Shares (\$3.08)—Issued against deposit of Ordinary (Common) shares in trust with Equitable Trust Co. Essentially a long pull holding	49	6.29	C1
SHELL TRANS. & TRADING CO. LTD.—Owns a 40% interest in all of the enterprises of Royal Dutch Co., and like it has worldwide interests.			
"American Shares" (\$2.00)—Represent an interest in the Ordinary (Common) shares of company. Sound for long pull in view of sound financial position and consistent earning power.....	46	4.35	C1
SHELL UNION OIL CORP.—Operates Royal Dutch-Shell properties in Mid-continent and California fields. Solidly established company.			
20-Year Debenture 5s, '47—Not secured by mortgage but strongly protected by ample earning power.....	99	5.08	A2
Common Stock (\$1.40)—Steady earning power; spec-vestment with favorable outlook. Position further strengthened by substitution of 5% bonds for 6% pfd. stock recently	28	5.00	C1
SIMMS PETROLEUM.—Relatively unimportant producer in Southwest fields. Earnings record exceedingly variable.			
3-Year Conv. 6% Gold Notes, '29—Convertible into common at 25 up to Nov. 15, 1928	99	6.23	A4
Common Stock (\$1.50)—Dividends increased to present rate in April. Earnings likely to reflect drastic slump in oil prices in recent months.....	16	9.38	D2
SINCLAIR CONS. OIL CORP.—One of the largest independents; aggressive management, that has had its ups and downs in recent years but made fair showing last year.			
1st Coll. Gold 7s, Ser. "A," '37—Direct obligation secured by stocks and bonds of subsidiaries	100	7.00	A4

	Recent Price	Yield %	M.W.S. Rating
1st Coll. Gold 6½s, Ser. "B," '38—Ranks equally with Series "A"	97	6.94	A4
1st Coll. Gold 6s, Ser. "C," '27—Ranks equally with Series A and B. Stock purchase warrants entitles holder to purchase 40 shares common for each \$1,000 bond to June 1, 1927. Likely to be called before maturity on Dec. 1.....	100	6.00	A4
Preferred Stock (8% cum.)—Followed by common stock with present market value of around 100 million dollars; current earnings provide good margin over dividend requirements.....	99	8.08	B3
Common Stock — Heavy capitalization renders position of common exceedingly speculative in periods of unsettlement, such as present.....	17	..	D2
SKELLY OIL CO.—Relatively small independent producer, refiner and distributor which has shown fair rate of expansion. Properties in Mid-Continent.			
12-Year S. F. Debenture 5½s, '39—Direct obligation, not secured by mortgage but well protected in respect to earning power. Issued to retire 7½% and 6½% bonds and to augment working capital	97	5.84	A3
Capital Stock (\$2.00)—Sharp upturn in earnings last year but present conditions render nearby outlook less encouraging	27	7.40	D2
STANDARD OIL OF CALIFORNIA—Consolidated with Pacific Oil last year. New company is largest producer and distributor on Pacific Coast and one of most important crude oil and refining units in the industry.			
Common Stock (\$2.63)—Unsettled conditions, especially on Pacific Coast, a temporarily adverse influence. Nevertheless, stock stands in semi-investment class	54	5.80	C1
STANDARD OIL OF NEW JERSEY—One of the largest producers and marketers of petroleum products in the world. Operations widely diversified.			
20-Year Debenture 5s, '46—Though not secured by mortgage, bonds nevertheless are in exceptionally strong position. Issued to replace 7% pfd. stock.....	102	4.84	A1
Common Stock (\$1.50)—Good investment from standpoint of stability and long range possibilities rather than immediate investment income.....	37	4.06	C1
STANDARD OIL OF NEW YORK—Close rival of Standard of N. J. in point of scope and importance.			
Deb. Gold 6½s, '33—Direct obligation with abundant asset protection and wide margin of earnings. Callable at 103 after May 1, 1928.....	105	5.48	A1
25-Year Deb. 4½s, '51—Identical with 6½s except as to rate and maturity. Callable at 101.....	95	4.85	A1
Magnolia Pete. Deb. Gold 4½s, '26-'35—Direct obligation of Magnolia Pete.			

THE MAGAZINE OF WALL STREET



THE MAGAZINE OF WALL STREET'S Adjustable Rating Tables



	Recent Price	Yield %	M.W.S. Rating
Co. assumed by Standard of N. Y. Callable at 104. Very inactive market.	4.50	A1	
General Pete. 1st Mtge S. F. 5s, '40—First mortgage on properties formerly owned by General Pete.	101	4.90	A1
General Pete. 6% Gold Notes, '28—Assumed by Standard Oil of N. Y. Callable at 100½.	101	4.96	A1
Capital Stock (\$1.60)—Strong issue, attractive primarily from standpoint of long range possibilities. High asset value	30	5.33	C1
SUN OIL Co.—Owns over one thousand wells with settled production in Mid-Continent and large prospective acreage; refines and distributes its own products.			
15-Year S. F. Deb. 5½s, '39—Direct obligation well protected by earnings and assets. Callable at 102½.	100	5.50	A2
Common Stock (\$1.00)—Earnings have shown steady growth during the past four years and long range prospects are good. Pays extras in stock.	31	..	D1
SUPERIOR OIL CORP.—Small Mid-Continent producer. Unimpressive record, financial status not of the best.			
1st Mtge S. F. 7s, '29—First lien on property of company. Small issue. Interest charges covered by slender margin	100	7.00	A5
Capital Stock—Substantial deficits in each of past six years, put stock in unattractive light	5	..	D2
TEXAS CORPORATION—One of the most important independent oil companies. Engaged in every phase of the oil industry. Successor to former Texas Company.			
Capital Stock (\$3.00)—No funded debt or preferred stock. Issue warrants investment consideration in view of well developed earning power and strong trade position	47	6.38	C1
TEXAS PACIFIC COAL & OIL Co.—Owns oil and mineral lands in Texas, Oklahoma, Arkansas, Louisiana and Montana.			

FRANCE READY TO STABILIZE FRANC

(Continued from page 193)

any measure found themselves in obtaining a stable majority.

"After the last elections it was generally believed that the partisans of the policy that advocated a bold and novel treatment of a problem that was certainly unlike any other a French Government had ever been called upon to face would be able to command a majority, yet this hope proved so illusive and the majority so slender that our hopes were once more dashed to the ground."

The Minister of War pointed out how a psychological crisis then ensued

which lowered the gold value of the currency, brought about the hoarding of dollars and sterling and caused a run on the banks and a flight of capital from the country simply because each successive ministry was deemed to have so short an existence that the public began rapidly to lose heart and hope in any possible betterment.

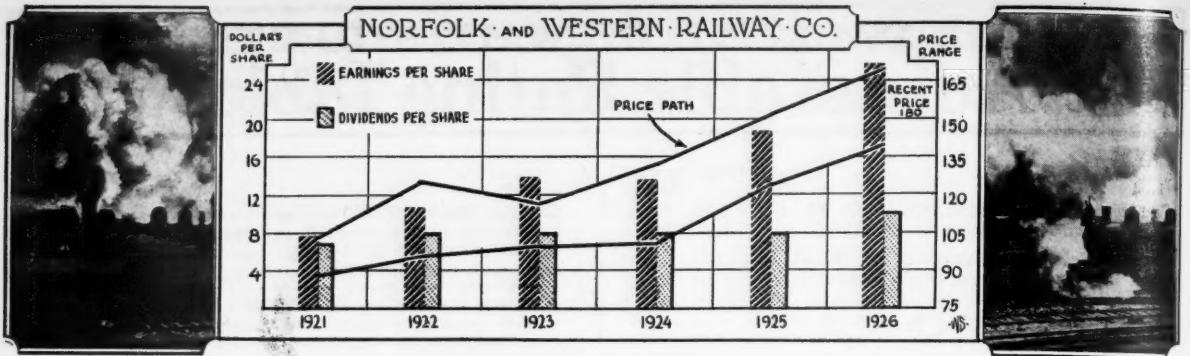
"The first condition which any government must realize before it can reasonably expect to re-establish economic stability in a country faced with difficulties similar to those existing in France is its own stability. And there is nothing worse than a government whose majority is so fragile that its fall appears to be a daily possibility.

"This danger has fortunately now been realized by many political parties, and thanks mainly to Monsieur Poincaré's untiring efforts and personal prestige, many politicians have agreed

to bury their political divergencies and to rally round the one program that appears at all likely to restore France to her former economic prosperity."

The Minister of War concluded the interview by stating that the statistics which had lately been published with regard to France's financial position since Monsieur Poincaré had assumed control speak more eloquently than any commentary of the remarkable recovery which his country had witnessed since the beginning of October, 1926.

"I firmly believe," he said, "that it is now abundantly clear to every nation in the world that France is once again convalescent from an economic point of view, in spite of her ruins and wounds. And if the franc is not yet legally stabilized, that is only a question of a few months. The situation, therefore, as I see it, is one of hope and promise."



Norfolk & Western Below Value

Leading Soft Coal Carrier in Superb Position — Future Value of Shares

By J. A. POLLOCK, Jr.

AS railroad shares continue to advance, the determination of whether or not they still constitute attractive investments becomes more and more complex. Investors, therefore, can well afford to examine with care any situation involving expert judgment which tends to aid in the process of discriminate selection.

Unquestionably, one of the most valuable commentaries on the worth of certain carrier shares is provided in the evident disposition of those best qualified to pass on their merits, i.e., other railroads, to add to their holdings even at relatively high prices. At the risk of this statement being taken for more than its face value in a stock market prone to take up with avidity any rumor of consolidation, it cannot but be observed that acquisition of the shares of one road by another has in the past been generally attended by ultimate profit to the purchaser, especially where absorption has come about through more or less gradually and evolutionary processes.

Pennsylvania a Large Buyer

Pennsylvania's interest in Norfolk & Western falls into this category. Investors, therefore, are justified in stressing the fact, apart from the more usual consideration of its merits, that Pennsylvania during 1926 purchased some additional \$18,000,000 par value of Norfolk & Western, so that on December 31 last, the larger system held 119,250 shares of preferred and 627,000 shares of common out of the 229,923 preferred and 1,395,727 common Norfolk shares outstanding, its holdings representing about 46% of the voting control.

At one time Pennsylvania was in actual control of Norfolk & Western. This was shortly after the latter's reorganization in 1897, which incidentally was extraordinarily drastic for those days and unquestionably laid the basis for the company's subsequent great

success. The purchase occurred at about the time the anthracite roads had been finally allotted and marked a similar movement among the soft coalers, which, however, was never carried as far.

In 1906 most of the Norfolk stock purchased in 1901 by the Pennsylvania was sold to the latter's bankers, only to be repurchased by the railroad three years later. Throughout the past quarter century, however, very close mutual traffic arrangements have existed between the two carriers. There seems little question that in any creation of "large systems" Norfolk belongs logically in the Pennsylvania fold. At the same time and admitting the advantage to both properties of this arrangement, it is probably no exaggeration to say that "Pennsy" would gain more by this development than its brilliant subsidiary.

Leading Soft Coal Road

Norfolk & Western is essentially and primarily a coal carrier. It is the premier bituminous coal road of the country and has been a pioneer in specialized development. At the end of 1926 the company operated 2,240 miles of line, the main stem of which extends from Norfolk on the Atlantic Seaboard northwesterly through Virginia and West Virginia to Portsmouth, Ohio, whence divergent lines reach Cincinnati and Columbus. Virtually all the road's mileage lies within these three states although a small percentage is in Kentucky and North Carolina. The hub of the system, of course, lies at the convergence of the Virginia, West Virginia and Kentucky state lines where are located the great coal deposits which provide the bulk of Norfolk's business.

In this section the company has most of its gathering lines, while from the main stem also extend lines southward to Durham and Winston-Salem, N. C., where connection is had with the South-

ern Railway and northwest to Hagerstown, Md., where connection is afforded with the Pennsylvania, as at Columbus and Cincinnati. Here Norfolk lines connect also with the Baltimore & Ohio and at other points find a principal connection in the Louisville & Nashville and other important roads. The system thus links the coal mines with the four points of the compass, while naturally a great bulk of their output moves down to the port of Norfolk for transshipment by water to the Eastern Seaboard, New England, or for export.

Serves Non-union Fields

By all odds the most important consideration bearing upon Norfolk & Western's recent history has been the fact that it (along with Chesapeake & Ohio and the Virginian) serves non-unionized coal fields. The so-called Jacksonville wage agreement of 1923 by forcing a great majority of union mines in Illinois, Indiana and Pennsylvania to close down because of excessive costs, has resulted in a consequent shift of production to the Virginia-Kentucky fields which has meant a golden harvest to the carriers serving that territory; a situation further aided during 1925 and 1926 by the shutdown of anthracite mines in this country and the British coal strike which stimulated a good deal of export business. Obviously recognition of the road's extremely good fortune in this development carries with it the threat of less favorable earnings at such time as more settled conditions shall prevail in the entire bituminous coal industry and the union mines shall again resume production. At the same time it is not to be assumed but that much of the production lost by one class of mines to the other has permanently shifted, particularly as the non-union mines enjoy certain advantages other than the existing wage scale over

the union territory, the very high grade of coal characteristic of the Kentucky-West Virginia fields being a feature.

The following comparison of Norfolk's tonnage distribution in 1926 with that of 1916, a year of record coal production up to that time, shows the relative importance which the commodity holds in its freight business and at the same time indicates in a rough way the extent to which it has benefited from the present situation in the industry.

Commodity	1916	1926
Products of agricul.	3.21%	2.19%
Products of forests	5.14%	3.73%
Products of animals	0.55%	0.32%
Products of mines	78.29%	84.61%
(Bituminous coal) . (66.03) % (78.37) %		
Manufac. and misc.	12.55%	7.64%
Mdse. (L. C. L.) ..	0.26%	1.51%
Total	100.00%	100.00%

In the final analysis, Norfolk's

future possibilities may best be gauged by the extent to which it has benefited from its recent good fortune. That it has reaped the maximum benefit may be rather strikingly brought out. In 1926 gross revenues of 120 millions were 25 millions greater than the 95 millions reported in 1923, yet operating expenses of 71 millions in 1926 were actually less by about a million dollars than those of 1923. In terms of work, nearly 50% more service was rendered at less actual cost. It is a fair assumption that the company which can achieve this will prove capable of rigidly curtailing production costs in the event of a reduced volume of business.

The extraordinary efficiency with which Norfolk is operated results from its highly specialized development as a carrier of bulk tonnage. Plant capacity has always been kept

well in advance of any conceivable demand that might be made upon it. A policy which, it is superfluous to add, has stood the stockholders in good stead the last two years.

Road's Efficiency

The adequacy of the Norfolk & Western plant is clearly indicated by a substantial credit balance on equipment rentals in each fiscal period. In the face of the heavy movement called for last year this net credit stood at \$2,547,000 against \$2,543,000 in 1925. The company has been a pioneer in the adoption of the largest capacity cars and heaviest rail. The process of physical improvement has been continuous and in the last ten years has embraced a very heavy program.

At the end of 1916 the company had 790 miles or 20% of all track in 100 pound rail, the top weight at that time. On December 31 last this proportion

had reached 54%, representing 2,393 miles of track, and of this latter 746 miles was in 130 pound rail. Locomotives owned at the end of 1926 numbered 941 against 953 ten years earlier, but average tractive power was nearly 30% greater and the aggregate 28% greater. Freight equipment at the close of last year was represented by 45,750 units compared with 47,832 at the end of 1916. But again the average capacity was approximately 20% and the aggregate 14% greater. Norfolk & Western's locomotives have an average tractive effort of 57,930 pounds and its freight cars an average capacity of 59.3 tons.

Naturally this development of large capacity units has been of tremendous efficacy in the development of heavier train loads, the factor of vital importance to any carrier and particularly to a coaler like Norfolk three-quarters of whose traffic is made up of heavy bulk tonnage. The result is clearly revealed in the attached comparison of operating statistics for 1926 and 1916. By increasing the average train loads 51%, a 25% greater tonnage is being carried a 10% further average distance with 16% less train-miles. The gain or saving is revealed in the comparison of revenue factors. Rates as expressed in ton-mile revenues have increased 54%, while earnings per train-mile (the principal unit of expense) have increased 133%.

As reflected in the balance sheet, Norfolk & Western has added over \$150,000,000 to property investments and working capital in the last decade with but a \$46,000,000 increase in debts and capital, the balance of over \$100,000,000 having been provided out of current receipts, i.e., undistributed profits and depreciation. In this period, 45 cents out of each (Please turn to page 264)

Norfolk & Western

Year	Net Income Available for Common	Per Share	Dividends
1916	\$20,890,000	\$17.80	\$7.75
1917	18,026,000	15.00	8.00
1918	14,895,000	12.35	7.00
1919	13,594,000	11.25	7.00
1920	11,577,000	9.53	7.00
1921	9,655,000	7.94	7.00
1922	13,659,000	10.97	8.00
1923	17,710,000	13.72	8.00
1924	17,329,000	13.07	8.00
1925	25,645,000	18.68	8.00
1926	35,948,000	25.76	10.00

Date	Dec. 31, 1916	Dec. 31, 1926	Increase
Road and Equipment	\$267,354,000	\$401,068,000	\$133,714,000
Other Investments	25,650,000	38,295,000	12,645,000
Total	\$293,004,000	\$439,363,000	\$146,359,000
Funded Debt	\$93,895,000	\$120,068,000	\$26,173,000
Preferred Stock	22,992,000	22,992,000	.....
Common Stock	119,175,000	139,570,000	20,395,000
Total	\$236,062,000	\$282,630,000	\$46,568,000
Working Capital	9,526,000	14,716,000	5,189,000
Depreciation Reserve	15,511,000	40,826,000	25,315,000
Surplus	49,325,000	129,053,000	79,728,000
Year Ended	Dec. 31, 1916	Dec. 31, 1926	Increase
Gross Revenues	\$59,450,000	\$120,409,000	103%
Net Operating Income	24,938,000	40,922,000	64
Other Income	1,159,000	1,505,000	30
Charges	4,297,000	5,563,000	29
Net Income	21,800,000	36,868,000	69

Mileage	3,080	2,941	8%

Freight Traffic Statistics

Year	Av. Mileage Operated	Revenues Tons (000)	Av. Haul (miles)	Revenue Ton-Miles (\$000,000)	Traffic Density (000)	Train Load (Tons)	Train Miles per Mile of Road	Revenue per Train-Mile (\$Dollars)	
								Ton-Mile (Cents)	Train-Mile (Dollars)
1916	2,080	46,421	261	12,110	5,823	979	5,964	0.422	4.135
1926	2,241	58,188	287	16,719	7,459	1,483	5,034	0.650	9.845
Change	+8%	+25%	+10%	+38%	+28%	+51%	-16%	+54%	+133%

A Solution For Poor Street Railway Earnings

—How Some Systems Are Coming Back—

By Colonel H. A. TOULMIN, JR.

NO business has suffered hard times more unnecessarily during the last twenty years than the electric railway business.

The "raise in rates" panacea was tried with varying success. The principal result from this course was the consequent hostility of the railway's best customers—the good folks who ride the cars.

Despite some temporary relief from increase in rates net income has been running to the vanishing point of many properties, and frequently below, with many consequent unnecessary receiverships for good railways.

Three Causes of Poor Earnings

Three factors have been usually blamed for these conditions: private automobiles, public buses and high costs of operation. None of them is fundamentally responsible.

Recently, far-sighted operators, taking stock of the situation, have found the true solution with really amazing results.

Unsalable transportation is the cause of street railway maladies. The public will not ride cars that are antiquated and uncomfortable.

Of all cars in use in this most progressive country in the world, thirteen and one-half per cent were built prior to 1900,—more than a quarter of a century ago. I know of no other industry that could use antiquated equipment a quarter of a century old and be anything other than a graveyard.

Worse still, sixty-eight per cent of this decrepit equipment on our street railways is of the genuine pre-war brand,—built prior to 1915.

The primary trouble spot causing high costs and falling public patronage is antiquated, unusable equipment. Up and down this broad land shrewd operators of railway properties have been turning deficits into profits and hostile automobile riders into pleased patrons by a very simple expedient.

Without proof the situation would be so amazing as to be otherwise quite almost unbelievable.

Some good examples illustrate this successful solution. The Cincinnati, Lawrenceburg and Aurora R.R. discarded its twenty-six ton cars and installed new thirteen-ton cars,—fifty per cent weight saving. The result increase in the spacing in support of the rails alone is saving \$4,500.00 per year and the riding qualities are vastly superior.

The Kentucky Traction and Terminal Company reduced operation costs from 4c to 2c per car-mile,—another fifty per cent reduction. Besides, net receipts were increased 102 per cent.

Similar experiences were had by such diverse systems as the Texas Interurban Railway and the New Haven and Shore Line.

Look at the drama of "the Attleboros." The Interstate Street Railway went into receivership and was sold at auction. The purchaser adopted attractive modern equipment with automotive control,—with savings during the first three months of 65 per cent of the new car investment!

Now let's step from Vermont to Illinois to take a look at the Illinois Valley Division. Ninety-four thousand pound cars were scrapped for 37,000 pound vehicles.

Result: 33 per cent reduction in shop force, 70 per cent increase in passenger car mileage with a saving of \$39,000.00 in operating expenses,—a total increased return of 39 per cent on the investment.

And just to beat that the Penn Ohio System got a 40 per cent return on new car investment,—enough to pay for the new cars in three years.

Improvements Effected

One of the secrets of the newer school of street railway management is to decrease weight, increase running speed and the speed of starting as well as of stopping. In new construction



Interior of a Modern Street Car

of street car bodies weights have been reduced from the usual weight by fifty per cent. This allows the use of motors of smaller power and of less weight and enables motors of higher speed and greater starting torque to be employed so that quick getaways are possible. Car miles have been increased 25 per cent, ton miles reduced 56 per cent and track life increased 78 per cent.

Since 1921 the United Electric Railways Company, Providence, R. I., has placed in operation 175 modern cars,—79 per cent of its cars in basic service. These had made about 13,800,000 car-miles prior to January 1, 1926.

In 1925 operating costs were 36.77 cents per car-mile, compared with 39.91 in 1921, and this even though a complete overhauling of cars has been in progress for one and a half years.

Large Cut in Maintenance

Maintenance costs per car-mile for passenger and combination cars and for electrical equipment were reduced respectively 10 per cent and 20 per cent for 1925 as compared with 1921.

Pull-ins per 1,000 miles were reduced to 0.292 in 1925, as compared with 0.67 for 1921, a reduction of more than 50 per cent.

The greatest saving has been the reduction of nearly 20 per cent in platform expense, although two-man car operators now receive 9 per cent higher and one-man car operators nearly 20 per cent higher wages.

In 1924 the Illinois Traction Company replaced its 94,000-lb. interurban cars, operated on the Illinois Valley Division, with new 37,000-lb. one-man cars and decreased its headway from two hours to one hour. The financial gain realized in 1925 from operating these modern cars is indicated by the following facts:

Although two more city cars were operated on the system than in 1923, there was a reduction of 33 per cent in the shop force.

Even with an increase of 70 per cent in interurban passenger car mileage, operating expenses were less by \$39,000.00. On account of the more attractive cars and reduction in headway, passenger revenue increased \$33,000.00—the total savings therefore being about \$72,000.00 or a gross return of about 39 per cent on the investment. Of 22,239 trains operated in 1923, 92 per cent were on time; in 1925 the number of trains increased to 32,858, of which 97 per cent were on time.

The Chicago and Joliet Railway changed its cars over to one-man operation, with new cars for this purpose a saving of approximately \$30,000.00 per year was made. Additional savings were made from reduced power bills because of lighter and more efficient equipment and also maintenance costs in the shop. The latter item was reflected in reduction of shop department personnel. The saving in electrical energy was about 40 per cent. Additional patronage was attracted, of course, by the higher class of equipment.

Specifically, if each of the new interurban cars attracts one round trip fare for each trip, it was figured that there would be an increase in gross revenue for a year on that railroad amounting

to \$10,183.00, based on an average of \$1.55 for a round trip over the line. Eighteen round trips per day are run between Chicago and Joliet. It will be seen that the \$10,000.00 increase in revenue would more than pay the interest on the investment of about \$100,000.00 for these single end cars of the new type.

On the Chicago and Joliet line detailed features of improvement were embodied in the new equipment, and a stream line effect combined with artistic painting gave the cars an artistic appearance. The white letter board above the single sash windows was carried from front to rear of the cars in a beautiful panel. Sliding doors and folding steps made it possible to carry out the stream line effect.

The seats were made 38 inches wide, upholstered in green plush both on the face, the back and the side, while the trimming of the seats was in genuine green leather.

Pullman type lighting fixtures were installed as well as ample ventilation.

A novel feature was installed in the

shape of single sash windows, with brass sash so fixed that when the windows are lowered large mesh screens are automatically raised to act as protecting guards, but these guards are dropped out of view when the glass window is raised so that the view is not impeded.

Controlling the supply of power is a fundamental feature of economical street railway operation. The Cleveland Railway effected this saving by extending the use of its automatic substations. As a rule the dispatching of the load on a system depends on the dispatcher being in immediate touch with the operatives of the various substations under this control. In this manner he is in a position to issue instructions to them based upon knowledge of the condition of the system, and is able to handle emergencies.

In Cleveland there was installed a central control load dispatcher's office in communication with all the substations with visible indicators of all that was taking place at every point of the system. This dispatching cen-

(Please turn to page 240)

The Age of Electric Passenger Cars*

Showing that most of the cars now in operation were built many years ago and are therefore antiquated

City Cars—Date Built

State	Companies replying	1921-1925	1916-1920	1911-1915	1906-1911	1901-1905	Prior to 1900	Total
Alabama	2	30	77	73	79	29	19	307
Arkansas	6	15	10	24	21	72	41	192
California	20	584	336	834	652	375	198	2,979
Colorado	5	55	6	112	159	72	131	535
Connecticut	6	58	271	601	27	11	...	968
Florida	1	51	53	17	18	...	...	139
Georgia	5	164	49	101	129	43	104	590
Idaho	1	...	...	1	7	...	...	8
Illinois	35	1,001	484	1,634	2,505	1,326	903	7,853
Indiana	16	116	223	113	95	238	158	943
Iowa	12	118	125	120	38	101	24	526
Kansas	15	65	39	28	41	43	25	241
Kentucky	5	84	25	68	170	184	112	643
Louisiana	6	209	24	69	107	170	86	665
Maine	10	21	86	27	15	56	65	270
Maryland	4	50	86	305	250	372	...	1,063
Massachusetts	14	327	1,224	687	296	568	315	3,417
Michigan	14	742	490	432	302	270	48	2,284
Minnesota	6	5	40	47	47	27	8	174
Missouri	18	347	286	637	277	742	320	2,609
Montana	5	1	16	67	8	3	8	103
Nebraska	3	3	81	120	154	148	43	549
New Hampshire	6	30	11	8	5	74	49	177
New Jersey	9	26	91	30	6	26	20	199
New York	49	1,842	2,674	1,372	2,559	2,840	3,328	14,615
North Carolina	4	20	75	13	23	...	...	131
North Dakota	2	22	...	...	10	1	4	37
Ohio	37	296	605	371	407	493	61	2,233
Oklahoma	9	7	21	20	29	12	5	94
Oregon	1	...	...	6	...	...	5	6
Pennsylvania	36	144	182	88	100	129	191	834
South Carolina	3	6	24	22	12	3	22	89
South Dakota	1	...	10	2	2	...	...	14
Tennessee	9	57	6	103	38	145	...	349
Texas	14	128	220	137	110	62	2	659
Utah	4	...	...	30	59	37	25	151
Vermont	2	...	...	...	...	...	4	4
Virginia	10	116	183	59	133	91	29	611
Washington	3	32	30	25	2	3	...	92
Wisconsin	7	27	47	22	23	11	2	132
West Virginia	6	19	20	7	2	...	...	48
Totals	422	6,818	8,239	8,482	8,917	8,777	6,380	47,533

* Based on replies to questionnaire, representing approximately 66% of the passenger cars in the industry.



Wide Variations in Short-Term Securities

Two-Year Maturities Favored by Institutions

By LORING DANA, Jr.

THREE are few markets that present so many interesting facets as does the market for short term securities. These securities serve at least three different types of investors according to their maturities. As in each case, such investors are interested in short-term securities for a variety of reasons, most of them quite special, the considerations governing this market are far different from those of the broader long-term bond or stock markets. A shrewd buyer of short terms has to think in terms of fractions, and at this time there is some slight profit in thinking of such fractions.

Two Basic Types

Short-term securities are of two basic types. The first, and the more common, are those of bonds that were originally issued for a long maturity, and which are nearing that maturity. The second consist of such securities as were issued for a short period only. Among these are short-term bonds, notes, the earlier maturities of serial issues, equipment certificates, also usually serial, tax anticipation notes, Treasury notes and certificates and bonds called, say, sixty days from date.

Both the first and the second types

are influenced by the prevailing call money market in proportion to the length of their maturity. Four- to six-month maturities are effectively in competition with commercial paper, time loans and banker's acceptances, and are extremely sensitive to variations in the call money rate and to immediate fluctuations in commercial demand for time accommodation.

The two- to three-year maturities are also governed by the call money rate, and the indications of easier or harder money in the next few months, but, of course, they are somewhat more independent of such influences. The reason for their being affected by the call money rate is primarily in their use for the excess funds or hang-over funds of large institutional investors. The reason why they are not so much governed by the money rate as the shorter maturities, apart from their not competing so severally with other commitments and the sheer element of time, is primarily in the fact that investment in such securities is affected notably by the stock market.

On the other hand, bonds of from three- to five-year maturities are governed not at all by the call money rate, except in so far as the call money rate is correlated with the general movement of bonds. Such bonds of inter-

mediate maturities follow a curious path all their own. They are far too long in maturity to be affected by the conditions affecting the securities of shorter duration and yet they cannot be governed by the long-term income considerations that are so dominant in the case of bonds sought as a permanent investment. As a matter of fact, such maturities, especially among serial bonds are least in demand since they do not meet the needs of temporary accommodation nor are they to be relied upon in a permanent investment program. Hence in a distribution of bonds, they often are a hang-over and, as such sell at a discount. They are worthy of some scrutiny by those who need them for this unusual period.

How the Present Market Shapes Up

Generally speaking, short-term securities (meaning those maturing in five years or less) sell on a basis of 0.25% to 0.50% in yield below that of long-term bonds. Thus the prime railroad bonds of long maturity sell at an average yield of about 4.52% in listed issues, and 4.62% in unlisted issues, whereas short-term rail bonds of identical quality sell on bases of 4.29% and 4.28% respectively. The short term securities market has not shown the

Five Attractive Short Term Securities

Company	Rate	Maturity	Price	Yield	REMARKS
General Petroleum Corp. . . .	6%	April 15, 1928	101 1/4	4.65%	Apparently most attractive note for very short commitments. Should be held to maturity date, and not purchased with intention to realize before.
Chi., Rock Is. & Pacific.....	4 1/2	June 1, 1928	100 1/8	4.39%	Represent temporary financing of system on a two-year basis. Yield exceptional.
Oregon Short Line	4	December 1, 1929	99 3/8	4.28%	Good for perfect marketability, close quotation and par level before maturity.
Seattle Electric	5	February 1, 1930	100 5/8	4.72%	Primarily for larger income while conserving stock market profits.
United Cigar Stores	5 1/2	March 1, 1930	100 1/2	5.31%	Notes sell on unwarranted high yield basis. An attractive three-year commitment.

striking advances exhibited by large sections of the longer-term bond market in 1927. The reason is primarily that the coupon rate, plus the nearness to maturity give less scope for gains, in spite of basic changes in the money market. At the same time, with the exception of prime rails, which have receded slightly, short-term issues have also registered gains this year. As is the case with longer term issues, the utilities and industrials have edged up closer to the rails, which appear already to have taken up practically all their room for advance.

The four- to six-month maturities may be bought with greater profit in the early summer than at the present time. May is notoriously a month when funds are over-abundant and demand low. Add to this the unusual surplus of funds this year, plus the physical certainty that money will be soft all summer, and it is clear that there has been a rush to short-terms so as to obtain better than anticipated call money or time money returns. The bond houses are anxious to lighten the supply on their shelves, since they are not desirous of carrying a large supply of bonds into the "dog days" of slackened summer demand. Accordingly they will not find their reduced supply, smaller though it be, so easy to market in July as today at prevailing rates. In view of the fact that call money rates may be higher when autumn pressure is renewed, and that such commitments may be made most advantageously in July, it follows that a double profit may be had by a six weeks' delay.

The one- and two-year maturities enjoy an altogether different demand and market. They are affected by the call money rate, only when as the call money rate hits 4½% for a pace, which delays commitments until it slides down to 4% or less. The heavy buying by institutions and stock market speculators is now the dominant feature of this market. From the fall of 1924, when the Coolidge post-election boom began the greatest run-up of stock values until almost the present time, nearly all the great institutional buyers and giant manipulators were pretty consistently in the stock market. Here and there there was some lightening before the spring break of 1926, but not otherwise.

At present more and more of the funds of such institutions is crowding into the short-term field, so as to conserve market profits. The long-term judgment of fire insurance companies is proverbial with respect to stock markets, and this growing tendency has perhaps a greater stock market significance than it has for short-term bonds. On the other hand, such securities will grow progressively more expensive, and despite the nearness of their maturities, a premium may be bid even on the bonds and notes enjoying a low coupon rate.

Naturally the rush is all to the low coupon rates since these sell at a discount.
(Please turn to page 268)

Bond Buyers' Guide

Bonds for Income Primarily

GOVERNMENT ISSUES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Argentine 6s, 1959.....(a)	100	99	6.05	6.07
Chile 6s, 1960.....(a)	100	91½	6.59	6.63
Dominican Rep. 5½s, 1948.....(a)	6.4	...	101G	99	5.60	5.59
Haiti 6s, 1952.....(b)	100G	100	6.00	6.00
Panama 5½s, 1953.....(a)	102½G	103½	5.36	5.33

RAILROAD ISSUES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Cube R. R. 1st 5s, 1952.....	...	3.80	...	97	5.15	5.22
Central of Georgia, Ref. 5½s, 1959.....	31.1	1.74	105G	106	5.18	5.12
Chicago & West. Ind. 1st Ref. 5½s, 1962.....	60.1	X	105	105	5.23	5.18
Erie & Jersey, 1st 6s, 1955.....	...	1.61	115	113½	5.27	5.05
Florida East Coast, 1st Ref. 5s, 1974.....(b)	12.0	3.55	105G	96½	5.16	5.13
Great Northern, Gen. "A" 7s, 1936.....(b)	139.8	2.67	...	114½	6.12	4.94
Kan. City Sou., Ref. & Imp. 5s, '50.....	30.0	2.07	105A	100½	4.91	4.92
Minn. St. P. & Sault, 1st Con. 5s, 1938.....	...	1.19	...	97½	5.12	5.30
Norfolk & Southern, 1st & Ref. 5s, 1961.....	3.8	1.21	105	93½	5.31	5.43
Peoria & Pekin Un. Ry. 1st 5½s, 1974.....	...	2.04	105G	105½	5.19	5.18
Roch Isl. Ark. & La., 1st 4½s, '34.....(b)	...	1.58	105T	97½	4.63	5.00
St. Louis Southwestern, 1st Terminal & Unifying 5s, 1958.....	45.3	2.05	...	98½	5.09	5.06

PUBLIC UTILITIES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Amer. W. W. & Elec., Coll. 5s, 1934.....(b)	...	1.34	102½	99½	5.00	5.00
Brooklyn City, 1st Con. 5s, 1941.....	...	3.48	...	94	5.32	5.68
Hudson & Manh., 1st Ref. 5s, 1957.....(b)	5.6	2.01	105	100½	4.94	4.95
Indiana Nat. Gas, Ref. 5s, 1938.....	...	2.00	...	98	5.09	5.17
Louisv. Gas & Elec., 1st Ref. 5s, 1952.....(b)	1.2	2.34	110T	101½	4.90	4.89
New Orleans Public Service, 1st Ref. 5s, 1952.....(b)	10.5	1.70	105T	98	5.22	5.36
N. Y. Steam Corp., 1st 6s, 1947.....(a)	...	2.05	107½GT	106½	5.63	5.47
Pacific Gas & Elec., Gen. & Ref. 5s, 1942.....	40.3	2.00	105T	101½	4.93	4.88
Public Service of N. J., Sec. 6s, 1944.....(a)	...	2.75	107½T	108½	5.62	5.42
Rochester Gas & El., "C" 5½s, 1948.....(a)	12.5	2.08	105GA	105½	5.23	5.10

INDUSTRIALS	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Bethlehem Steel, P. M., 5s, 1936.....	5.1	2.20	105	100½	4.98	4.96
Brier Hill Steel, 1st 5½s, 1942.....(a)	...	4.00	105	105½	5.19	5.06
International Paper, 1st 5s, 1947.....	...	7.26Y	102½	98½	5.08	5.13
Morris & Co., 1st 4½s, 1939.....	...	NS	103	85½	5.25	6.27
Mortgage Bond, 5s, 1932.....	...	1.66	100	97½	5.09	5.58
Schuler "A" 6½s, 1946.....(a)	...	X	103T	101½	6.40	6.39
Sinclair Pipe Line, 5s, 1942.....(a)	...	4.46	103	98½	5.40	5.66
U. S. Rubber, 1st 5s, 1947.....(b)	2.6	2.91	105T	94½	5.38	5.46

Bonds for Appreciation of Principal Primarily

RAILROADS	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Atlantic & Danville, 1st 4s, 1948.....	...	1.79	...	81½	4.90	5.50
Central New England, 1st 4s, 1961.....	0.2	0.78	105	84½	4.72	4.91
Chicago Gt. Western, 1st 4s, 1959.....	...	0.97	...	73½	5.43	5.84
Erie, Gen. Lien 4s, 1996.....	91.6	1.46	...	75	5.12	5.18
Mississippi Central, 1st 5s, 1949.....(b)	...	1.36	110A	97½	5.13	5.19
Missouri Pacific, Gen. 4s, 1975.....(a)	210.4	1.28	100A	76½	5.19	5.33
New Haven, Non-conv. Deb. 4s, 1956.....	49.4	1.48	...	79½	5.05	5.39
Northern Ohio, 1st 5s, 1945.....	...	2.60	...	98½	5.08	5.13
Seaboard Air Line, Ref. 4s, 1959.....	46.4	1.25	105A	73	5.55	5.92
Texarkana & Ft. Smith, 1st 5½s, 1950.....	...	2.02	107½A	104½	5.25	5.15
Western Maryland, 1st 4s, 1952.....	2.3	1.24	...	83%	4.76	5.20

PUBLIC UTILITIES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Brooklyn-Manhattan Tr., 6s, 1968.....(b)	...	1.52	105	99½	6.02	6.03
Market St. Ry., 1st 7s, 1940.....(a)	...	2.22	106½T	99½	7.03	7.04
Montreal Tram., 1st & Ref. 5s, 1941.....(a)	...	1.31	105A	99	5.05	5.07
Sierra & San Francisco, 1st 5s, 1949.....	...	1.97	110	99½	5.02	5.06
Utah Power & Light, 1st 5s, 1944.....	...	1.73	105	98½	5.08	5.16

INDUSTRIALS	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
B. F. Keith, 1st & Gen. 6s, 1946.....	4.8	4.16	104T	99½	6.03	6.04
Eressed Steel Car, Conv. 5s, 1933.....	...	3.30	100	96	5.23	5.75
Walworth Co., 1st "A" 6s, 1945.....(a)	...	2.73	104½T	96	6.26	6.37
Webster Mills, 6½s, 1933.....(c)	...	2.44	106½T	93	6.99	8.00

DEBENTURES	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
American Chain, B. F. 6s, 1933.....(a)	...	6.84	105	103	5.80	5.48
American Type Founders, 6s, 1940.....	...	8.84	106	105½	5.68	5.38
California Petroleum, Conv. 5s, 1939.....(a)	...	11.56	103T	94½	5.27	5.71
Dodge Bros. Conv. 6s, 1940.....(a)	...	9.97	110T	91½	6.56	7.01
White Sewing Machine, 6s, 1936.....(b)	...	5.60	105	118	5.08	3.65

SHORT TERMS	Prior Liens (Millions)	Times Interest Earned on all debt	Call Price	Price	Current Income	Yield to Maturity
Gen. of Georgia Ry., Sec. 6s, June 1, '29	31.1	2.11	102T	102	...	4.95
Gen. Petroleum 6½s, April 15, 1928.....	...	5.18	101T	101	...	4.95
Sloss-Sheffield P. M. 6s, Aug. 1, 1929....	1.7	4.55	105	103	...	4.42

Note—All bonds in \$1,000 denominations, except (a) lowest denomination \$500, (b) \$100. Earnings are on five-year basis unless shorter basis is only one available. Where bonds are assumed, earnings of guarantee company are given.

Y—Recent earnings about 12 times. A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. NS—Not segregated. (c) Listed N. Y. Curb Market.



Price Trend of Sixty (60) Standard Stocks



In view of the persistent upward trend in the market value of many securities, it behoves the investor to become more and more discriminating in the selection of issues to retain or purchase. In a market like that prevailing at present, it is advisable to concentrate as far as possible on standard stocks, that is, stocks of companies whose worth has been proven over a period of years, and of which there is every assurance, on the average, of ability to recover their market prestige within a reasonable time in the event of a general recession in prices.

The following tabulation presents essential data on sixty leading common stocks of this type, classified in three groups according to the yield returned at current levels. Included in the list are a few issues which, strictly speaking, do not conform in all respects to what is usually signified by the term "standard issues," but which, however, have favorable dividend records and require only a little greater seasoning. The comment accompanying each stock should be carefully noted, as it by no means follows that all standard issues are necessarily attractive at this juncture.

Stocks Which Yield 4-5%

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
American Can Co.				
48	2	4.2	4.39	50-44

One of foremost industrials and leader in its field. Established policy of reinvesting majority of earnings in business being maintained. Recent earnings somewhat below former standard due to over-production of fruit packers, but normal growth should be resumed in due course. Stock should prove more attractive at some later date than at present.

Baltimore & Ohio R.R.				
121	6	4.9	17.20	124-107

Rapid recovery of earning power despite unusually heavy refinancing requirements two years ago. Present price of stock portends increase in dividend to 7% to insure ability to finance through common stock sales in future, thus providing better balanced capital structure. Stock should be worth considerably more eventually.

Chesapeake & Ohio				
181	8	4.4	24.75	184-152

Subject to ability to overrule minority objections, road is destined to assume pivotal position in famous Nickel Plate merger. Strongly entrenched in any case and should be able to maintain accustomed large earnings in view of favored position of non-union coal mines which it serves. Stock will possess much long range merit.

Chicago & Northwestern				
86	4	4.7	6.92	89-79

One of northwestern group of carriers which has succeeded in partially restoring its old earning power, although rumors as to dividend increase in near future were apparently premature. Fundamentally sound

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
Coca-Cola				

but no early gain in earnings of consequence indicated. Barring unexpected merger developments, outlook rather long distant.

112	5	4.5	\$8.25	115-97
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Strongly entrenched soft drink business featured by large earning power in conjunction with small tangible assets. Despite uninterrupted strength in stock, stock appears to have outrun anything based on immediate earnings prospects, and at current levels does not constitute a sound holding for either income or price enhancement.

Delaware & Hudson				
205	9	4.3	18.28	215-171

Practically the only anthracite coal carrying road which has yet to segregate its coal properties, true value of which remains a mystery, thus creating decided interest in worth of stock in event of segregation. Aggressive merger tactics combined with large earnings place shares in attractive position though recent advance limits possibilities.

Delaware, Lack. & West.				
164	†7	4.2	10.60	173-140

Has just taken final step in complete separation of all interest in Glen Alden Coal, anthracite property formerly owned, through transfer of coal company bonds to new corporation. Although capable of deriving steady earnings as strictly railroad enterprise, prospective income hardly warrants indefinite maintenance of current market level.

General Motors				
194	8	4.1	21.80	200-146

Continues to show increased volume of business in face of irregularity in industry as a whole. Great public interest in stock subjects it to periodic reactions, but

†Including extra of \$1. †On present capitalization.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
137	6	4.3	12.14	140-122

present price amply supported by earnings, and persistent development of dominating position in low-priced car field should prevent any serious let-down. Speculative aspect predominates at this time.

International Tel. & Tel.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
137	6	4.3	12.14	140-122

Earnings continue to mount in reflection of aggressive policies of expansion and widening control of telephone systems in foreign fields. Long term prospects still favorable, but stock appears to have reached point where immediate outlook for further enhancement in equities hardly compensates for acceptance of so low a yield.

Montana Power

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
101	5	4.9	6.58	104-82

Persistent gain in earnings resulting from improved business conditions in territory served and expansion in activities of Anaconda Copper, which consumes considerable portion of company's power output. Material advance in stock in anticipation of probable increase in dividend to \$6. Room for further rise but probably on more moderate scale for present.

National Supply

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
82	4	4.9	15.19	95-76

Well established business in furnishing drilling equipment and supplies of various kinds to oil industry. Strong asset position. Earnings vary widely according to oil situation, but have been especially favorable in last year in reflection of great drilling activity. Efforts to curtail drilling warrant conservative attitude on stock for present.

N. Y. Central

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
149	7	4.7	14.52	154-137

Strong eastern trunk line system with established earning power well in excess of dividend needs. Prospect of dividend increase and immediate general outlook somewhat dependent upon success achieved in effecting physical consolidation of several subsidiaries now controlled by stock ownership. Stock entirely sound but early possibilities probably limited.

Norfolk & Western

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
180	8	4.4	25.76	184-156

Bituminous coal carrying road. Serves non-union fields largely and has prospered accordingly. Apparently earmarked for control by Pennsylvania R. R. eventually, latter already having large stock interest. Stock has discounted favorable position to some extent, but not high in relation to earnings or potential guaranteed dividend by Pennsylvania R. R.

Postum Cereal

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
101	5	5.0	7.71	102-93

Rapidly expanding business in manufacture of well known and extensively advertised food preparations. Besides increasing volume of sales, excellent progress has been made in curtailing expenses thus enhancing margin of profit. Aggressive policies and further expansion program should be conducive to constructive outlook for earnings and stock.

Pullman

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
186	8	4.3	12.07	189-172

Unique position in dual role of monopoly in supplying parlor and sleeping car accommodations to railroads and in manufacturing railroad equipment for its own uses and for others. Featured by stability, long divi-

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927

dend record, and conservative valuation of assets. Recapitalization now pending. Stock best suited to permanent holding.

*Reynolds Tobacco "B"

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
134	5	3.6	8.20	134-98

Conspicuous leader among tobacco manufacturing companies largely by virtue of success achieved in developing sales volume of its principal cigarette brand. Earning power supported by impregnable financial position. Appears to be no limit to upward trend of stock, but, nevertheless, commitments at current high level involve some hazard.

Sterling Products

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
101	5	5.0	8.65	104-91

Controls through stock ownership numerous subsidiaries engaged in manufacture of large number of well known medical preparations. Long record since 1901 of good earnings and continuous dividends. Stock during past year has rather unostentatiously forged to front, and still appears worthy of retention for a longer period.

Union Tank Car

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
106	5	4.7	9.85	112-94

Strong company, formerly affiliated with Standard Oil. Function consists of ownership of tank cars which are leased to shippers. Derives revenues from both shippers and railroads. Extent of oil production is factor in volume of business, but leadership in field practically assures good average earnings. Stock has investment merit.

Western Union Telegraph

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
161	8	4.9	3.24	164-145

Operates largest telegraph and cable system in the world. Favorable trend of earnings in recent years places company in position to raise dividend at its discretion. Stock has achieved investment distinction and ranks among premier public utility common issues, but rather too high at present to be acquired for other than investment purposes.

Westinghouse Air Brake

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
156	7	4.4	13.29	162-134

One of oldest and most successful of standard industrials. Supplies variety of railroad equipment, and through ownership of air brake patents, derives stable revenues from furnishing parts to competitors as well as from its own operations. Earnings enhanced through automatic signal business handled by subsidiary. Stock sound but rather high at present.

Stocks Which Yield 5-6%

Abitibi Power & Paper

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
89	5	5.6	11.56	94-83

Compact organization and one of largest of Canadian manufacturers of pulp and newsprint paper. Likewise controls under lease from Ontario government around one million acres pulp wood land containing extensive water power sites. Earnings remarkably stable for type of business, and based on standard of earnings, shares are well behind market.

* This stock was selling to yield slightly over 4% when the data herewith was first under preparation. Although no longer falling within the indicated yield limits, it has been retained as a matter of interest.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927	Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
Allis-Chalmers					Gt. Northern Ry.				
108	6	5.6	9.39	110-88	88	5	5.7	10.42	91-80

Serves wide variety of industries in supply of industrial machinery of all kinds, as well as growing business in installation electrical equipment. Earning power on sound stable basis and on gradual increase. Recent retirement preferred stock is probable forerunner of increase in dividend of \$7. Attractive long range issue despite recent advance.

American Smelt. & Refin.

160	8	5	23.39	163-133
-----	---	---	-------	---------

Largest mining organization in the world. Direct mining operations on increase, but greater part of business consists of smelting and refining ores mined by other companies. Substantial earnings achieved through large volume metal output and despite low average metal prices. Market has yet to give due recognition to intrinsic strength of stock.

Amer. Tel. & Tel.

165	9	5.5	10.99	172-149
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Stands in the front rank among common stock investments by virtue of company's control of a great public necessity in every section of this country. Continual expansion requirements entail valuable stock subscription rights periodically. Stock high compared with average of recent years but still well worth while as investment holding.

Assoc. Dry Goods

43	2½	5.8	4.21	45-40
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Holds central supervision and 100% control of 7 large dry goods stores in several cities, as well as majority ownership of Lord & Taylor, N. Y. Policies marked by conservatism in dividend payments and in valuation of assets, which, combined with natural stability in earnings, renders stock desirable for semi-investment purposes.

Brooklyn Edison

154	8	5.3	12.13	169-149
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Handles entire electric light and power business in one of most rapidly growing large communities. Serves population in excess of 2 million. Expansion of facilities constantly under way. Present dividend rate in force over 20 years but meanwhile stock outstanding has increased manifold. Stock not cheap but has investment merit.

Columbia Gas & Elec.

92	5	5.4	6.91	97-93
----	---	-----	------	-------

One of best managed and most prosperous of large public utility holding companies. Subsidiaries cover wide range of territory. Merger has placed company in front rank of natural gas producers, sale of which constitutes major activity. Continued growth should be reflected in increased return to stockholders in due course. Stock entirely sound.

Eastman Kodak

146	18	5.5	9.50	149-126
-----	----	-----	------	---------

Holds position of unquestioned dominance in photographic material and film manufacturing industries. Consistent, aggressive growth reflected in steady expansion of assets and earning power since organization. Abundant working capital and high equities set stock in strong investment position. Still attractive from long range standpoint, though recent rise has modified possibilities.

With Northern Pacific, holds joint control of Spokane, Portland & Seattle and Burlington. Latter, in turn, controls Colorado & Southern. Under unification plan of February, 1927, these roads are now in process of being consolidated under lease to new holding company which will exchange its stock, share for share, for Northern Pacific and Great Northern. Consolidation should prove beneficial.

Illinois Central

125	7	5.6	12.06	130-121
-----	---	-----	-------	---------

One of leading trunk lines which has operated important system between Chicago and New Orleans with eminent success over long series of years and paid dividends with but one break since organization 75 years ago. Shares have little of the spectacular but stand pre-eminently in the investment class and are still decidedly out of line with other so-called "standard" investment rails.

May Dept. Stores

71	4	5.6	6.12	73-67
----	---	-----	------	-------

Capably managed, conservatively progressive department store chain. Has impressive record both in respect to growth of sales and earning power. No funded debt except two bond issues of real estate subsidiary. 4.69 millions of preferred stock called for redemption last April. While present \$4 dividend probably represents limit, for time, on new common, which was split two for one last December; shares still have long pull merit.

Northern Pacific

87	5	5.8	8.47	91-78
----	---	-----	------	-------

Position practically identical with that of Great Northern, particularly in view of present plan for unification of interests of these two northern transcontinentals. While earning power of Northern Pacific has not recovered as fully as that of its sister road, merging of properties and affiliated lines should result in advantages to shareholders in the long run.

Otis Elevator

119	6	5.1	13.58	131-103
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Has operated profitably in every year since consolidation of constituent elevator manufacturers took place 29 years ago. Growth in late years has been especially pronounced, stimulated by high rate of building operations. Well situated to withstand let-down in construction activities, but in view of possibilities on this score and apparent discounting of increased dividend possibilities, shares do not appear especially attractive at present.

Pacific Gas & Elec.

37	2	5.4	10.03	37-31
----	---	-----	-------	-------

Holding and operating company, embracing all branches of public utility industry, but revenues derived principally from gas and electric services. Largest enterprise of its kind, serving north central California, company recently acquired important properties from Standard Gas & Electric Co. Though margin of earnings over common dividends is not very wide, steady growth augurs well for future.

Peoples Gas

140	8	5.7	11.04	142-126
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Enjoys practical monopoly of gas business in Chicago.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
Following difficulties inherent to post-war adjustments, earnings have again assumed stable character with underlying upward trend, based upon normal growth of territory supplied and expanding industrial uses of gas. Present yield about in line with average for issues of like character but some possibility of increased dividend ultimately. Shares worth holding.				

Pub. Service of N. J.

39	2	5.1	2.45	39.32
----	---	-----	------	-------

Supplies electric light, power and gas and conducts extensive bus and street railway operations in thickly populated Northern New Jersey. Rapid growth of area served, residential as well as industrial, reflected in steady expansion of gross. Rising curve of net income keeps pace with increases in capitalization. Promising for long pull.

Standard Oil of N. Y.

31	1.60	5.1	1.94	34.30
----	------	-----	------	-------

One of largest and most comprehensive organizations in Standard Oil family. Scope and importance of operations greatly increased during recent years through acquisition of Magnolia Petroleum and General Petroleum. Affords more generous income return than average "Standard Oil" stock and appears in attractive light as long pull investment oil.

Union Carbide and Carb.

117	6	5.1	9.08	122.99
-----	---	-----	------	--------

Occupies dominant position in its field through ownership of several companies producing electro-metallurgical products, chemicals, steel alloys, and the like. Also controls various sources of raw material supply and hydro-electric developments related to activities of subsidiaries. Operations well diversified. Progressive increase in per share earnings since 1922 suggests probability of larger dividend, which has been partially discounted.

Union Pacific

175	10	5.7	16.40	177.160
-----	----	-----	-------	---------

One of strongest and most prosperous of western trunk line systems. In addition to consistent earnings derived from well diversified freight traffic, also has substantial income from investments in other roads. Efficiency of management denoted by exceptionally low ratio of operating expenses to gross revenues. Sound investment issue.

United Drug

172	9	5.2	13.02	183.159
-----	---	-----	-------	---------

Occupies position in drug business analogous to that of leading chain stores in merchandising field. In addition to extensive retailing, company also manufactures and distributes many of its own brands of medicines and rubber specialties. Shares still possess long range possibilities based upon constant expansion of gross and net revenues. Dividend increased from \$8 to \$9 rate in March.

U. S. Steel

121	7	5.7	17.99	125.112
-----	---	-----	-------	---------

Declaration of 40% stock dividend represents fruition of long period of upbuilding and rise in earning power to proper relationship with capitalization which was rather generous at inception. Future seems assured and shares rank in class of investment common stocks.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
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though necessarily subject in some degree to variations in steel industry. New stock on basis of \$7 dividend does not appear over-priced.

Westinghouse Elec.

74	4	5.4	†6.80	76.68
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Stands second in rank to General Electric as manufacturer of electric equipment. Policy of financing expansion through increases in capitalization has tended to prevent growth in per share net proportionate to gain in annual sales volume but improvement in last fiscal year indicates that this condition is being corrected. Sound, long pull investment issue.

* Year ended Mar. 31, 1927.

Stocks Which Yield Over 6%

Amer. Metal

42	3	7.1	3.88	44.41
----	---	-----	------	-------

Engaged in all branches of metal industry, deriving income from smelting and refining ores mined by others as well as by direct mining operations from properties outside United States. Maintains policy of reinvesting large sums in property. Earnings decline and dividend reduction reflection of weak metal markets. Strong financially. Long range outlook good.

Amer. Steel Foundries

45	3	6.7	4.50	46.42
----	---	-----	------	-------

Manufactures car wheels and wide variety of similar railroad equipment. Has achieved fair degree of stability despite unstable character of industry, partly through repair work which takes up slack of irregular demand for new equipment. Stock seldom spectacular, but provides strong combination of yield, safety, and eventual prospects.

Amer. Tobacco

132	8	6.0	9.80	132.120
-----	---	-----	------	---------

One of three major tobacco manufacturers with dependable earning power in good times and bad. Financial strength enables paying out bulk of earnings in form of dividends. Present negotiations may provide leeway for greater concentration on most profitable lines, which, together with satisfactory current yield, places stock in attractive position.

Anaconda Copper

46	3	6.5	4.74	49.45
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One of largest copper producers in world from its own mines in United States and through control of low cost South American mines. Has diversified business by means of greater activity in fabrication of finished metals. Despite earnings recovery stock has been market laggard due to threat of continued weakness in copper, but should some day come into its own.

Calif. Packing

64	4	6.3	*5.17	70.60
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Conspicuously successful packer and distributor of canned goods sold under well known trade names. Earnings have stood up well in face of marked over-production in fruit packing industry which has raised

* Year ended Feb. 28, 1927.

(Please turn to page 238)

Prosperity Still Smiles on Tobacco

Continued Gains in Cigarette Consumption and Recovery in Cigars Give Industry Bright Outlook

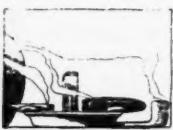
By WARREN BEECHER

WHEN Sir Walter Raleigh brought tobacco home to England from his newly founded Virginia, he unwittingly did much more than to offer his countrymen a new solace. His act inaugurated a huge industry with world-wide ramifications. As smoking was taken up all over the continent, the cultivation of the leaf became an important activity of colonial days while its export was one of the staunchest columns in the establishment of American commerce. To this day it is an item of first importance in our foreign trade, 38% of our total output finding its way in one form or another into the markets in other parts of the world.

With the growth in favor, first of the cigar, then of the cigarette, tobacco has assumed more importance industrially than agriculturally, the value of manufactured products today being more than four times that of the annual leaf output. Investor interest also centers in the manufacturing branch of the industry; yet, the output of tobacco products is, of course, dependent on the cultivation of the leaf, as are the fortunes of substantial agricultural sections in the South, New England and elsewhere.

Unfortunately, the crops of tobacco in recent years have more than kept pace with the demands of the markets both at home and abroad, and large annual carryovers have had a depressing influence on the price level. The crop of 1926 totaled 1,323 million pounds compared with 1,376 in the preceding year, with the actual return to the grower about the same in both years for the country as a whole.

Sectionally, the value of the crop showed more diversity depending not only on quality but on the type of tobacco grown. The Connecticut grower, producing a grade of cigar tobacco adaptable to blending with Porto Rican for the lower priced cigar trade, received a better price for his product proportionately than the Virginia farmer who sold his crop at prices substantially below those prevailing during the previous season. The varieties of leaf in demand for cigarette blending met active and sustained markets throughout the season,



THIS penetrating analysis of an industry whose products meet an almost depression-proof market makes no attempt to discuss the position of individual companies but rather purposes to give the investor a brief concept of conditions, agricultural and industrial, behind tobacco securities. Will cigar recovery continue? Can cigarette consumption be expected to maintain its pace? How big a part do foreign markets play in tobacco and its products? These are the questions of moment to the buyer or owner of tobacco securities.

while darker leaf, especially where quality was slightly below average, suffered severely.

Danger of Over-production

This year the prospect of maintaining even as favorable leaf prices as last is menaced by the threat of over-production. While stocks in dealers' and manufacturers' hands are slightly larger than a year ago, the most serious feature of the grower's position is not found in the domestic market, but, rather, in contracting demand for our leaf from other countries. Particularly is this true of dark-fired and air-cured types of Virginia, Kentucky and Tennessee, which are now cultivated extensively in Italy, the Balkans and the British dependencies. Our exports of these tobaccos amounted to 120 million pounds in 1926 compared with 151 in 1923, and additional preferential tariffs are steadily making further inroads on our foreign leaf trade. Moreover, when it is considered that tobacco exports rank second only to cotton in value the situation has broad economic significance.

It behooves the American farmer then, not only to limit his crop in better alignment with the market but also to regulate the type of leaf raised insofar as local conditions permit, to conform with the rapidly expanding market for the cigarette types and the declining demand from abroad for the dark-fired tobaccos.

In response to increasing demand for

better quality the leaf standard, by and large, has been gradually rising; and under more painstaking cultivation now in practice this trend may be generally expected to continue.

As to the actual size of the 1927 crop, early reports of plantings and intentions to plant, as reported by the Department of Agriculture, indicate tobacco acreage for the entire country will show a curtailment of about 3% compared with last year; but reductions in all sections are not uniform. As the usual result of a season of favorable prices we find New England plantings averaging 105% of last year's acreage. Another notable increase is apparent in the South Atlantic states, reflecting not

only the desire to grow more Burley and bright flue cured types but also the campaign recently waged to reduce cotton acreage through diversification into other products. A great many farmers have put cotton land into corn and tobacco. The fortunate reduction which balances these increases is found in the South Central states where tobacco culture this year is indicated at only 79% of 1926.

Judging from these figures prosperity to the grower will again show considerable variation in various sections. From the volume standpoint total acreage planted, given favorable weather conditions, should produce a crop at least as large as that of last year.

Turning now to the manufacturing division of the industry we find a more prosperous and more stable situation than in that concerned with production of the leaf. Tobacco products seem to meet the same vigorous markets in times of business stress as in periods of high prosperity. Naturally, this relieves the manufacturer of one important variable which in most other lines is quite beyond individual control. Another large factor in the stability of the industry is in the steadiness of prices. Competitive price wars are infrequent and finished goods prices show little if any fluctuation over long periods. On the raw material side, leaf prices, of course, vary with the size and quality of each crop but the long process by which tobacco is prepared for market results in most companies averaging leaf cost over several

years, thus ironing out the extremes and eliminating much of the minor fluctuations in raw values.

Growth in Cigarette Consumption

Of the products which are prepared from tobacco, the cigarette has in recent years dwarfed all others in rate of growth. A glance at the accompanying graph evidences the spectacular rise in public favor of tobacco in this form. Receiving its initial impetus in war time demand, cigarette production has grown about 10% a year, reaching the staggering total of over 89 billion in 1926.

The odium formerly attached to cigarettes as an attribute of irresponsible youth has been dispelled. Today, it is used in all walks and stations of life and, it must not be forgotten, by both sexes. Indeed, the rapidity and universality with which women have cultivated a taste for cigarettes, perhaps as a symbol of their emancipation, has been no small factor in the Gargantuan strides of cigarette production.

Another substantial contributor to the volume of cigarette sales is found in an extensive foreign trade, fully 10% of our total production finding its way to foreign markets. China is our largest customer for cigarettes, but trade of large proportions is rapidly developing in other Far Eastern countries and in Argentina, Central America, Mexico and Canada. While it is felt that severe political disturbances in China may alter the volume to that country temporarily—early months of 1927 having already witnessed a slight decline—the aggressive sales policy being pursued in the other countries mentioned bids fair to counteract the loss in this quarter.

Advertising a Necessity

Of course, the tremendous sales of cigarettes domestically is not achieved without vigorous advertising effort. No product depends more on brand selling and few industries impress their products more aggressively on the public consciousness than cigarette manufacturers.

While information on the cost of such advertising is naturally very jealously

guarded, it has been rather closely estimated that one of the larger producers, who may be taken as typical, expends from 3% to 4% of gross for advertising expense.

As evidence of the potency of such a policy in shaping and holding markets, it will be recalled that some eight years ago a campaign was conducted to "educate" the public as to how much Turkish was suited to its taste. It was deftly suggested that American grown tobaccos were highly desirable. Today we have but to run over the four or five most popular brands, ranging from 80% to 95% American tobacco, to realize the success of this movement.

The number of cigarettes in the field today has also been decreased through concentrated advertising on relatively few brands. Five brands lead the market, and these are the products of but three companies. The importance of a popular cigarette to a tobacco company may be judged from the fact that the rise of Reynolds Tobacco to a foremost position in the industry was largely predicated on the success of Camel cigarettes, while more recently Lorillard has seen the desirability if not the necessity of rounding out its line by producing a cigarette which is expected to vie with present leaders.

In considering the growth of cigarette consumption the question logically arises as to the prospect of future growth. Has the cigarette reached the limit of its market at 89 billion per annum? Not yet! Secular growth alone would account for some annual increase providing the habit fell into no widespread disfavor, which seems extremely unlikely. As a matter of fact the popularity of the cigarette with the younger generation is naturally cultivating a taste for tobacco in this form, which will persist in after years. Finally, the number of women smokers is constantly increasing, particularly as manufacturers, realizing the turn in public sentiment in regard to the practice, are boldly bidding for the ladies' trade through special advertisements. Hence, it would seem reasonable to expect a yearly increase in cigarette sales of at least 7% to 8% a year for the next few years, and early

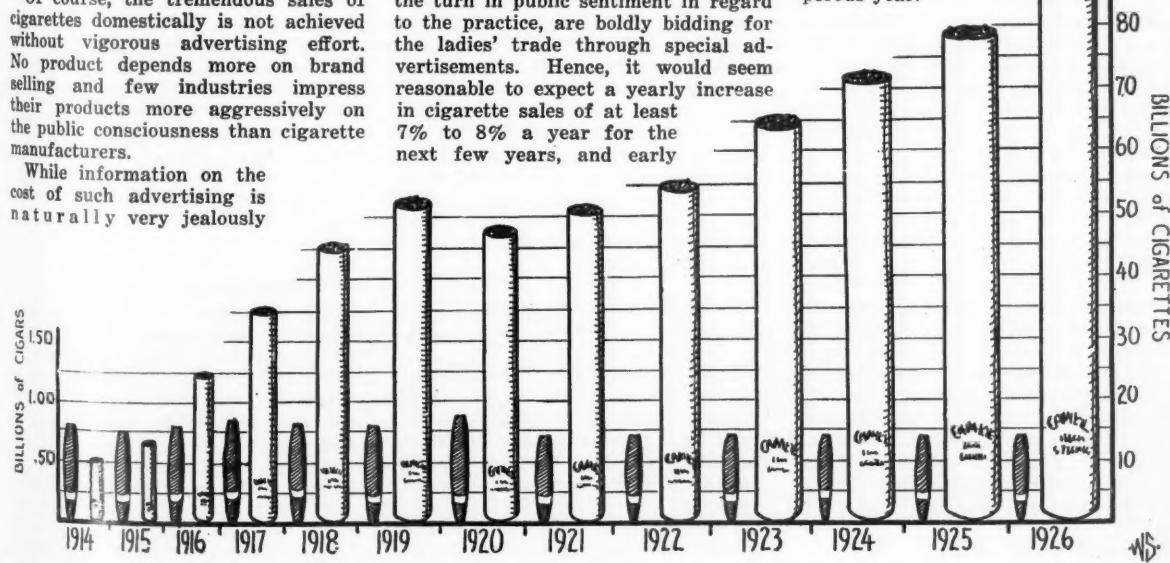
statistics for 1927 confirm the view.

As might be expected the popularity of cigarette smoking was at the expense of the cigar. Production has persistently declined as cigarette sales have mounted. Recently, however, there have been several new developments which have materially bettered the prospects of cigar manufacturers. First of these, of course, has been increased sales volume largely resulting from the improved quality and growing popularity of the moderate priced cigar. Favorable leaf prices and a reduction in revenue taxes have enabled producers to raise the standard of tobacco entering the cigar. At the same time substantial reductions in manufacturing costs have been possible through the almost universal adoption of efficient and highly satisfactory cigar making machinery. Reflection of these improved conditions is, of course, found in more profitable operations, more funds available for advertising and a partial recovery of sales volume lost since 1923.

The day of the small cigar manufacturer has passed with the hand-made cigar and production seems destined to remain with the larger companies for the economies which are achieved in mass production. The future of these manufacturers seems secure in a trade which, while it may lack the potentialities for sensational growth, has turned the corner and is reasonably assured of moderate annual increase.

Contrary to popular belief snuff is gaining slowly but steadily in annual sales volume, finding particular favor in southern climes; while smoking and plug tobaccos hold about the same substantial levels.

In short, the outlook for the tobacco companies, cigar and cigarette alike, on the basis of favorable leaf prices and sustained sales volume, appears fully as promising as in the past prosperous year.



GROWTH IN CIGAR AND CIGARETTE CONSUMPTION

for JUNE 4, 1927

The "Whelan" Stocks

Tracing the Influence of Market Sponsorship on the Whelan Group of Tobacco Shares

By FERDINAND OTTER

United Cigar Stores

Sales and Stocks

Year end. Dec. 31	Gross Sales	Common Shares Outstanding	Operating Profits (a)	Real Estate Appreciation (b)
1924.....	\$77,283,877	1,364,525	\$5,802,208	\$1,249,789
1925.....	79,984,674	1,434,036	7,869,480	1,295,196
1926.....	87,262,217	1,909,171	7,900,947	2,301,639

(a) Before interest on bonds now being retired but after taxes. (b) Real estate appreciation included in income account published in annual report.

Per Share Statistics

	Sales per Share	Operating Profit Per Share	Real Estate Appreciation Per Share	High	Range Low
1924.....	\$56.63	\$3.77	\$.91	64 1/4	42 1/8
1925.....	55.77	5.03	.91	115 1/2	60 1/4
1926.....	45.70	3.81	1.21	109 3/4	83 1/8

THOSE who follow the stock market closely get to thinking of the various issues in well-defined groups, classifying them not so much as to the industries represented as to their sponsorship. For instance, it is believed that American Can, Gold Dust and Montgomery Ward enjoy First National Bank representation. U. S. Cast Iron Pipe, American Safety Razor and Independent Oil & Gas have been thought of as closely connected with the name of Durant. For years U. S. Rubber and Union Pacific have been regarded as members of the Kuhn, Loeb & Company brotherhood. Kennebott and American Smelting are Guggenheim stocks. Standard Oil of Indiana and Pan American, not to mention a host of others, are allied with the house of Blair.

Mr. Buchanan has been popularly associated with many moves in Corn Products. M. J. Meehan is said to have much to do with the market in Radio. Merrill, Lynch & Company sponsor a long list of merchandising issues. Goldman, Sachs & Company have supplied excellent market sponsorship for a group of dry goods companies and specialties. Dillon, Read & Company have taken care of the destinies of Goodyear, Dodge Brothers, Amerada, National Cash Register and many less prominent. There are certain common characteristics evident in the fluctuations, habits and nature of stocks handled by any single operator or any particular group.

Perhaps there is no group, however, where the individualism of a common sponsorship is so notable as in the Whelan issues, the tobacco and other

stocks under the personal domination of George J. Whelan. Mr. Whelan is generally credited with being a daring operator of seemingly unlimited resourcefulness and sometimes astounding originality. It is believed he usually plays alone, and frequently, indeed habitually, keeps his public guessing as to the next move. He is thought to appreciate that in Wall Street a mystery has a cash value, and understands, perhaps better than any other man, the various devices by which a floating supply of shares of an essentially speculative issue may be kept down to a point where the market is manageable. He is said to be most at home and most efficient in working out exchange of stock offers and intercorporate relationships. Any discussion of his market methods *per se*, however, is difficult, as he seems to follow no general plan, except that of general strategy. The Street many times has found out that he is a difficult man to outwit.

Doing Things With United Cigar Stores

United Cigar Stores is the keystone of the Whelan arch. From it the Whelan family is purported to have made its fortune and with it some remarkable stock deals have been consummated. United Cigar Stores is a great property, controlling nearly 5% of all the tobacco retail trade in the United States. Whelan has built it, nurtured it, preserved it, advertised it and sponsored it. Around United Cigar Stores, through an attractive exchange of stock offer, in 1919 the Whelan people

built United Retail Stores and challenged speculative imagination. Later, Tobacco Products acquired control of United Retail Stores, which was dissolved, and thus obtained control of United Cigars. Recently, the Union & United Tobacco Corporation has acquired a minority interest in United Cigar Stores and suggestions have been made that Tobacco Products might be dissolved and the new corporation become the United Cigar Stores holding company.

United Profit Sharing, a Whelan company, supplies the profit sharing coupons for the United Cigar Stores. Before the brands of Tobacco Products were leased to American Tobacco on a guaranteed fixed annual royalty basis the retailing system was used as an agency to promote Tobacco Products brands. The Happiness Candy Stores, first known as United Retail Candy Stores, were founded along the lines of the United Cigar Stores organization and the Cigar Stores still handle Happiness products. Lately the new Barking Dog cigarettes of the Whelan-sponsored Philip Morris Consolidated, Inc., have been featured. If Union & United Tobacco becomes an operating organization as well as a security holding company, as had been hinted, it, too, probably will have the valued aid of this chain of more than 3,000 stores and agencies in the introduction of new brands. Because of the importance of United Cigar Stores, which is the largest earner of all the Whelan companies, the writer has elected to give it more space than any of the other issues in the group.

Lately Mr. Whelan has been going outside of the tobacco field, becoming interested in a broad way in another group of companies. The new adventure began with the merger of Iron Products and Central Foundries into the Universal Pipe & Radiator Company in 1923 through the regulation exchange of stock method. More recently an important interest in Walworth Company is said to have been purchased and actual announcement has been made that the Whelan interests have acquired actual control of Pressed Steel Car. It has been intimated, but not definitely or officially stated, that this group of three companies sooner or later will extend operations to the making of a large list of trade-marked products such as washing machines and other household devices.

This leads up to the newest Whelan Company, Trademark Products Corporation, incorporated in Maryland early this year. It is a holding company owning securities in a number of other companies, the identity of which has not been revealed. It is announced that the new corporation will operate somewhat along the line of some of the new public utility holding companies, taking an active interest in their managements and owning certain trade-marks which the operating companies use. Up to now there is not enough public information on which to base a real analysis of the new unit, but in what little information there is one can read between the lines the usual Whelan method. Possibly Trademark Products is to be in the Whelan industrial group what Union & United Tobacco is to be in the tobacco group. At any rate, those who are actively interested in the Whelan industrials probably will do well to study the operations of these two newcomers closely.

The available space permits individual discussion only of the Whelan tobacco issues in this analysis. An equally interesting story might be written concerning the industrial group. As in the tobacco group, here again we would encounter complicated intercompany relations, exchange of stock arrangements, stock dividends, limited floating supplies of shares and the inevitable holding company relationships.

UNITED CIGAR STORES CO. OF AMERICA

United Cigar Stores Company of America is the most important of the so-called Whelan companies. It has been, and still is, a tremendous operating success. It is a large earner, and its importance as a merchandiser can be measured by the previously stated fact that it does about 5% of the retail tobacco business transacted in the United States. Inventory is turned over about ten times a year, and always at a profit, for the com-

(Please turn to page 253)

Preferred Stock Guide

These stocks are selected as offering best opportunities in their respective classes taking into consideration assets, earnings and financial condition of the companies represented.

For Income

HIGH GRADE INVESTMENTS

RAILROADS	Div. Rate \$ per Share	Div. Times 5-Yr. Av'rege	Redeemable	§ 5-Yr. Price Range		Recent Price	Yield %
				High	Low		
Baltimore & Ohio.....	4 (N)	7.8	No	73	62	79	5.1
Chicago & Northwestern.....	7 (N)	6.2	No	136	87	139	5.0
Colorado & Southern Ist.....	4 (N)	8.9	100	66	47	76	5.2
N. Y., Chicago & St. Louis.....	6 (C)	F3.7	110	F106	F83	107	5.6

PUBLIC UTILITIES

Columbia Gas & Electric.....	6 (C)	\$4.6	110	N104	N92	107	5.6
North American.....	3 (C)	7.3	52.50	52	38	52	5.7
Philadelphia Company.....	3 (C)	6.5	No	51	41	52	5.7
Public Service New Jersey.....	8 (C)	3.0	No	124	95	131	6.2

INDUSTRIALS

American Smelting & Ref.....	7 (C)	3.3	No	122	86	125	5.6
American Steel Foundries.....	7 (C)	7.4	110	115	97	113	6.2
Associated Dry Goods 1st.....	6 (C)	4.8	No	108	75	104	5.7
Baldwin Locomotive.....	7 (C)	3.3	125	119	104	122	5.7
Brown Shoe.....	7 (C)	4.4	130	111	85	117	6.0
Endicott Johnson.....	7 (C)	4.9	135	120	104	120	5.8
General Motors.....	7 (C)	12.0	125	122	79	123	5.6
Inland Steel Co.....	7 (C)	F3.0	115	F115	F96	115	6.1
Studebaker Corp.....	7 (C)	26.8	125	125	100	120	5.8

For Income and Profit SOUND INVESTMENTS

RAILROADS

Bangor & Aroostook.....	7 (C)	2.5	110	103	84	111	6.3
Colorado & Southern 2nd.....	4 (N)	7.0	100	62	35	72	5.6
Kansas City Southern.....	4 (N)	4.8	No	68	52	68	5.9
Pere Marquette Prior.....	5 (O)	10.2	100	96	63	96	5.2
St. Louis-San Francisco.....	6 (N)	12.0	100	97	34	100	6.0
St. Louis Southwestern.....	5 (N)	2.6	No	80	32	85	5.9

PUBLIC UTILITIES

American Water Works & E.....	7 (C)	4.2	110	108	87	109	6.4
Brooklyn-Manhattan Transit.....	6 (C)	H3.3	100	H89	H48	86	7.0
Engineers Public Service.....	7 (C)	\$2.4	110	N96	N94	105	6.7
Federal Light & Traction.....	6 (C)	5.0	110	H91	H74	97	6.2
Kansas City Pr. & Lt.....	7 (C)	T3.1	115	F110	F91	115	6.1
Hudson & Manhattan R. R. Conv.....	5 (N)	5.9	No	80	25	86	5.8
West Penn Electric.....	7 (C)	...	115	N102	N95	109	6.5
Standard Gas & Elec.....	4 (C)	2.5	No	57	41	63	6.4

INDUSTRIALS

Allis-Chalmers.....	7 (C)	2.6	110	111	86	111	6.3
American Cyanamid.....	6 (C)	3.6	120	96	52	87	6.9
American Metal Co., Ltd.....	7 (C)	8.0	110	120	103	112	6.3
American Sugar Refining.....	7 (C)	1.6	No	110	84	113	6.2
Associated Dry Goods 2nd.....	7 (C)	6.9	No	110	76	109	6.4
Bethlehem Steel Corp.....	7 (C)	3.1	No	105	87	111	6.3
Bush Terminal Buildings.....	7 (C)	1.1	120	103	87	110	6.4
Central Alloy Steel.....	7 (C)	...	110	N107	N106	108	6.4
Cuban American Sugar.....	7 (C)	6.8	No	106	68	105	6.7
Deere & Co.....	7 (C)	F1.7	No	110	61	115	6.1
Devco & Reynolds 1st.....	7 (C)	T6.1	115	F109	F90	108	6.5
Gen. American Tank Car.....	7 (C)	3.3	110	109	86	109	6.4
Gimbels Brothers.....	7 (C)	4.3	115	114	93	104	6.7
Goodrich (B. F.) Co.....	7 (C)	3.1	125	102	67	102	6.9
International Silver.....	7 (C)	2.8	No	108	90	116	6.0
Reid Ice Cream.....	7 (C)	T6.9	110	T100	T92	97	7.2
U. S. Cast Iron Pipe.....	7 (N)	5.0	No	118	50	114	6.1
U. S. Industrial Alcohol.....	7 (C)	4.3	125	115	89	109	6.4

SEMI-SPECULATIVE

RAILROADS

Chicago, Rock Island & Pac.....	7 (F)	1.8	105	108	72	110	6.4
Gulf, Mobile & Northern.....	6 (O)	1.6	No	109	16	110	5.5
Wabash "A".....	5 (N)	...	110	78	19	95	5.2

PUBLIC UTILITIES

Electric Power & Light.....	7 (C)	1.7	110	99	89	104	6.5
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INDUSTRIALS

Bush Terminal Debentures.....	7 (C)	T1.8	115	T97	T80	97	7.2
Consolidated Cigar.....	7 (C)	4.4	110	107	47	101	6.9
Goodyear Tire & Rubber.....	7 (C)	1.7	S110	F114	F35	116	6.0
International Paper.....	7 (C)	1.6	115	T100	T86	101	6.9
Mid-Continent Petroleum.....	7 (O)	8.1	120	109	80	100	7.0
Orpheum Circuit Conv.....	8 (C)	3.0	110	107	84	107	7.5
Radio Corp. of America.....	3.5 (C)	F3.6	55	F54	F40	50	7.0
United States Rubber.....	8 (N)	...	No	109	66	103	7.8
U. S. Smelt., Ref. & Mng.....	3.5 (C)	1.2	No	50	38	48	7.8
Universal Pictures 1st.....	8 (C)	7.6	110	T103	T90	102	7.8

[†] Cumulative up to 5%. F—Four years. H—Three years. T—Two years. S—One year.
N—Price range 1926. § 1922-1926.

Building Your Future Income



A Few Extra Active Years



CERTAIN health institute in New York City, with a practical turn of mind, is using its advertising space to good advantage at present by pointing out some of the material advantages to be gained through adding a few more years to one's active span of life. A typical picture is drawn of the family head, past middle age, who has not quite completed his life's plan of providing for old age and the welfare of his dependents in later years. This might well apply to hundreds of thousands. So many investment estates are just a little below the level of comfortable subsistence when the highest earnings years draw to a close. So many insurance programs are neglected until a little too late to get under the line.

If health institutes could actually add several years to life, of course, the problem still remains as to how much more advantageously these extra years would be used than the ones which preceded them. The real causes for uncompleted investment programs and insufficient estates are the human failings of prognostication and thoughtlessness toward obligations of the future.

The normal span of life is adequate. The important thing is to make the most of our opportunities. By making a reasonably early start in

Building Your Future Income, the prospect of success is far more certain than the possibility that one's active years of life may be added to at the last minute. A systematic savings plan means certainty for the old age comforts we all desire. The prospect of increasing the normal span of life, while intriguing on many counts, seems hardly a reasonable expectancy in the formulation of a life investment plan.

How many years of early life are wasted in idle dreams of riches? How much more practical an end could be attained by making a start on the carefully charted path of systematic savings that leads to Financial Independence. How many careless investments are made by the inexperienced or ill advised investor that put off a few years more the enviable goal of financial self sufficiency? How many real opportunities are neglected because of the nominal sacrifice that they might entail for the moment?

Time plays an important part in any plan for the accumulation of wealth. And it is far more practical to make the most of our present years than to rely on uncertain possibilities of "finding" a few extra years as the span of active life draws to a close. Now, in other words, is the time to add a few years to your life—not later.

How Much Should a \$9,000-a-Year Man Save from His Salary?

A Heated Discussion Has Started Among Our Readers About Budgets, of Which This Is the First Rebuttal



Our artist's conception of several readers discussing their Budget problems.

"CONSTANT READER'S" CHALLENGE ACCEPTED!

In a recent issue, the BYFI Editor published a very interesting letter signed "Constant Reader," in which comments were invited from other readers as to how they budgeted income of around \$9,000. "Constant Reader" had his own very explicit ideas as to just how far a \$9,000 income would go 'round and, to prove his point gave us an itemized account of a year's expenditures. No doubt our contributor had no idea of the "row" his letter would start if published—neither did the BYFI Editor. As it happened, however, both bitter critics and ardent supporters of "Constant Reader's" ideas arose to defend their positions. From time to time, the more interesting of these letters will be published, starting with the accompanying letter in this issue.—EDITOR'S NOTE.

INASMUCH as your correspondent in his letter appearing in your Magazine, page 43, issue of May 7th, invites criticism, I will avail myself of that privilege. I acknowledge the inconsistency of my telling the other fellow what to do, and failing myself, perhaps, in acting on it.

As to "Constant Reader's" budget: While table expenses and rents are higher in New York than where I live, still I think they could be cut, particularly on the table, as that item shows lack of judicious and economical buying. Considerable saving can be effected in the Summer Outing by stopping at farm houses or boarding-houses instead of "at the best hotels." The private school expense, amounting to \$638, could be cut out entirely, as our public school system is good enough for the average American, especially so as the correspondent's means do not permit it. The business lunch could be cut from \$225 to \$150 or 50 cents

a meal. Altogether your correspondent might be able to save an additional \$1,000 to \$1,500, making a total amount saved \$1,500 to \$2,000 instead of \$582 as given by him.

I beg to submit my own budget for 1926, amounting to \$9,300. The income is derived from interest and dividends from listed securities and its sales. I retired from business about ten years ago on a plan similar to those outlined in your Magazine from time to time. I can submit actual figures for the different items since I have kept a double entry set of books for years of my affairs.

The expenses are for wife and self only; all expenses for the children are included in their respective accounts. As my wife and daughter make more or less of their clothes, and make all of their hats, a considerable saving is effected. Both son and daughter graduate this year, which will cut my expenses about \$2,000, as they will both work. I know all of this former expense can not be saved, but I think I will be able to save hereafter about \$3,000, or one-third of my income. This year I will have an extra expense as the Ford has been substituted by a new Dodge Sedan.

Yours sincerely,
A. F.

A \$9,000 Yearly Budget with a Larger Item for Savings

Rent	\$900.00
Table expenses, nine months.....	479.55
Gas, light and telephone	91.05
Clothes	298.15
Doctor and drugs	140.75
Theaters	76.65
Housework and laundry	251.50
Laundry (out)	27.45
Life insurance	323.40
Annual gift to wife	500.00
Son at university, nine months	748.10
Daughter, University of Wisconsin, including Summer term	1,294.00
Other gifts	170.33
Upkeep Ford Sedan	326.42
Winter trip to Florida	1,157.15
Contributions	300.00
Miscellaneous: taxes, petty cash	252.51
Savings	1,962.99
Total	\$9,300.00



Time Well Spent—

ACCORDING to generally accepted ideas, the way to make profits is to deal in speculative issues—market favorites and those issues about which insiders can, if they will, give you valuable tips as to which way the cat is going to jump. Issues which are in on the merger talk, issues that pay an unusually high yield, issues that are going to double their price in three months—these are the kind to buy for profit, according to the above idea.

Men who play with such securities would scorn to buy investment stocks, because "they move so slow you'd be dead before you'd ever make any money out of them." The solid preferreds, common stocks of companies having nothing senior, and certain types of bonds have no appeal for them at all. Their idea of quick profits is bound up in long hours spent before "the board" waiting for a lucky break to appear so they can buy a hundred or a thousand on the thinnest margin that the broker will accept. Sometimes the expected profits do materialize, of course, but that is another story.

My story is the actual experience of a man whose long hours are spent in a machine shop and whose investments have all been made by mail. Busy at his work three hours before the Stock Exchange opens and two hours after, a hundred miles away from Wall Street, never having sat in front of a board, still this man has made comfortable profits "in Wall Street," by a method that is merely the exercise of ordinary common sense.

As a reader of THE MAGAZINE OF WALL STREET—first as an occasional trip to a big city brought the magazine within reach at the news stand and, later, as a subscriber—I had become thoroughly sold on the

A Machinist Makes Long Range Investment Profits in Securities

By H. D. ACKERMAN

BYFI idea and was putting all that I could save from wages into good bonds. Under this plan, the first \$20 taken out of the pay envelope every Saturday went into this fund; then, everything over and above legitimate living expenses was applied to the fund afterwards.

Unwilling to Speculate

Like everyone else, I wanted to get ahead faster with my investments but *I was not willing to speculate to do so.* I had no other funds to put into this effort, so the only thing left to me was to borrow on my present securities. The temptation to borrow and put the money into "cats-and-dogs" had to be resisted, for I could not afford to jeopardize what I worked and saved for so long.

This brought me to the plan of buying securities of sound worth with money that I borrowed but always waiting to buy until I found an issue that was well within the bargain range. My idea was to buy for the future—buy something that would enhance in value over a period of years, something that would pay me a return over the bank interest and to use this return plus any possible extras and what other money I could scrape up to grad-

ually pay off the outstanding loan.

The result of one year's experience along these lines is enlightening. Not only have I annexed some very good issues—some of them now paid for—but I have made profits that would look good to a speculator.

These profits were wholly unexpected at the beginning. *I bought nothing that I didn't want to keep.* I bought at attractive prices and it has happened that although every issue has scored an advance, some of them rose considerably in the market—so much so that I felt it a duty to take the profit. In the words of my banker, "It's good to feel the money in your fingers once in a while." So I sold, applying the proceeds in each case to paying off the particular loan and making a substantial payment on another one.

To get to a specific case, on January 10, 1926, I borrowed \$630 to buy 10 shares of Philadelphia Co. common stock. This had been highly recommended in the Magazine in times past as an example of a utility holding company ably managed and conservatively financed. I felt that the return of 6.35% was not going to add much to my income but the likelihood of extra disbursements and price appreciation made this a good buy, and an issue I would be glad to own in years to come.

Attracted By a Profit

This story is the third and last prize winner in the recent Wall Street True Story Contest, sponsored by the BYFI Department. Many articles of unusual merit sent in by contestants are scheduled for publication in future issues.



My intention "to have and to hold" was given a jolt along in April when I noticed in the Sunday paper that the stock was 75 to 76. I wrote the broker to sell and I received \$750 for the stock, regretting to lose it but figuring that this Standard Gas & Electric deal had put an unexpected chance for a quick profit

The True Story of a reader, operating far away from the noisy bartering of Wall Street, who turned a sound investment plan into a vehicle for market gains. How the author interpreted his advices with sound reasoning and consistently added to a list of out-of-the-way security bargains, is the practical side of the story. Bought primarily on intrinsic value, his issues brought tempting paper profits, some of which were realized upon, releasing funds for further reinvestment.

in my path—a step I later regretted. Another opportunity came in March. Timken, which had been hinted as the best of the accessories, sagged a little and I put up some baby bonds to buy 10 shares at 49. I already owned a little of this stock, knew of it as fairly well rated, and of the company as one with simple capitalization and progressive management. I occasionally came into contact with their engineers and through them knew something of the company policy. These men were firm in the belief that Timken "would go to 75 some day, though it may be four or five years."

Some type of guide or compass is necessary for every safe voyage. Mine was furnished by THE MAGAZINE OF WALL STREET. I tempered the advice therein by my own experiences and molded it to suit my surroundings. One issue in particular has been worth much—an issue containing a list of "100 Rare Bargains in Securities"—and I have since checked off nine of those bargains as part of my year's purchases.

Bush Terminal debenture stock was recommended in that list. I knew from friends in the construction business that Bush Terminal was right up-to-date in the matter of buildings and mechanical equipment. The magazine showed that the management and earnings were good, so why should I overlook the chance to buy 10 shares at 88 and get a return of 8%? This was during the market reaction in the Spring, which didn't worry me about this stock of a "hard times business."

Bargains Among the Bonds

A bond that had been recommended in the Bond Buyers' Guide attracted

my attention a little later and, because I could buy it without losing anything on the interest, I decided to add this to my list while it would carry itself. That bond was the Chicago Great Western 4 of 1859—an old obligation of a road that was slowly working itself out of a position where red ink predominated on its balance sheets. I had intended to put this away and forget it, save to cut off the coupons, and pay them to the bank for my interest, but around the end of the year 1926 the price had risen to 72, which was high enough for me to appreciate what the guide had meant by listing them as "for appreciation." I added \$60 net to my capital account as the proceeds of the sale.

I knew very well that the Summer was a period when prices slump a bit, with the heat, but I considered that I was carrying enough to suit me in hot weather. However, Warner Sugar bonds were going down more than the rest and I made inquiries as to the cause. Although the company was passing through a period of adjustment, its 7's of 1941 had all the earmarks of a real bargain at the price of 85-86. I wrote for one and got it at the latter figure, feeling that I had a real buy in this senior issue of an essential industry which offered such a handsome re-



During Market Hours

turn and prospect of a big gain during the 15 years it had to run.

Repetition of such dealings becomes a monotonous story but for the fact that sound reasoning, applicable to other issues, lies back of each of them. For several months, then, I confined my activities to a glance at the financial pages once a week, reading the bi-monthly numbers of THE MAGAZINE OF WALL STREET, and carefully perusing back numbers. Two or three of these became tattered and torn in the process.

Bank Stocks Arouse Interest

Whenever I paid for a security, I got a New York draft at one of our two banks and I noticed that these were always drawn on the Empire Trust Co. Empire? Yes, now I remembered. Empire's stock was mentioned several months back. I found it spoken of in two places and I also found that it was higher then than now—"now" being in September.

So, writing to an advertiser who deals in bank stocks I found that I could buy it at 344 at the moment. If it had been "relatively underpriced" some months before, it was still more so at the moment and I thought I should pick up three shares anyway. (It will be seen that my operations were confined within the \$1,000 range.) The banks wouldn't loan me any money on bank stock as collateral — on general principles—but I had two bonds that they were glad to advance 80% upon. This investment netted me less than 5%, which was contrary to my original plan, but I figured that it was going to pay for its keep in the long run and that it was a good chance to add a "rich man's stock" to my (Please turn to page 267)

A Summary of Transactions

	Bought at	Sold at	Profit
Philadelphia Co.	63	75	\$120
Timken	49	93	440
Bush Terminal deb.	88	95	70
Warner Sugar bond	86	104	180
Chicago Gt. Western	66	72	60
Empire Trust	344	383	117
Hudson & Manhattan	38	54	320
			\$1,307

Joint Annuities—A Boon for Later Years of Life

Makes It Possible to Obtain a Guaranteed Income at a Liberal Rate for Life with Safety

By FLORENCE PROVOST CLARENDON

DEEP down in the heart of the elderly man or woman is the desire for a quiet, peaceful existence in the Sunset Years, with freedom from anxiety and worry, and the comfort of a guaranteed income for life. If to this enviable condition there be good books to read, and old friends to converse with, then indeed are these later years a foretaste of Paradise.

The years beyond sixty-five, when worry or excitement is prone to speed up the blood pressure, or start the tired heart beating like a triphammer, are not for adventuring in strange fields of finance, or daring "fliers" in the market. Yet the elderly husband

and wife, living on the income from accumulated savings, may find that a conservative four-and-a-half, or five, per cent return is woefully inadequate for their proper maintenance. They cannot afford to—indeed they *must* not—dip into their principal to supply the longed for comforts, because by doing so their income in the future is correspondingly lessened.

In such circumstances the Joint and Survivor Annuity is a real boon. It yields a very much larger income than can be obtained through other conservative channels, and, moreover, this satisfactory return is *guaranteed* to continue during the joint lives, and, on the death of

one, for the remaining lifetime of the survivor of the two.

"Safety first" is the slogan which must pre-eminently be borne in mind by those whose income is derived from invested funds. High grade investments are the only ones that can be considered under such conditions—investments purchased primarily for

(Please turn to page 263)

Purchase Prices of Joint and Survivor Annuities to Provide \$1,000 Annually

For Husband and Wife			For Two Women		
Ages	Purchase Price	Approximate Percentage Return	Ages	Purchase Price	Approximate Percentage Return
Wife Husband					
60 65	\$13,240	7½%	Two	\$13,670	7½%
65 65	12,210	8¼%	Sisters	12,050	8½%
65 70	11,640	8¾%	Mother	10,270	9¾%
70 70	10,500	9½%	Daughter	16,100	6%
70 75	9,900	10%		15,010	6½%



BYFI Makes a Suggestion to the Inexperienced Investor

These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously and will be replaced at any time that it may become unfit for retention. Such changes will, of course, be brought to the reader's attention, if and when they occur.



THE FIRST \$500

Savings bank accounts are recommended for deposit of regular savings, to yield..... 4 to 4½% Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan ... 5 to 6% Endowment Insurance is a suitable medium for the investor and yields a return of..... 3 to 3½% *Laclede Gas Light 1st and ref. 5½%, 1953..... 105 5.15%

THE NEXT \$1,000

*Commonwealth Power 6s, 1947..... 105 5.55% **Montreal Tramway gen. & ref. 5s, 1955..... 96 5.25% *N. Y. Steam Corp. 6s, 1947..... 106 5.50% *Western Pacific 1st 5s, 1946..... 99 5.10%

* Available in \$100 units. † Available in \$500 units.

† New recommendation.

\$5,000 FOR INVESTMENT

Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952.....	97 5.20%
American Sugar Ref. 6s, 1937.....	105 5.40%
U. S. Rubber 1st 5s, 1947.....	94 5.50%
West Penn Electric \$7 Pfd.....	109 6.45%
U. S. Smelting & Ref. \$3½ Pfd.....	48 7.30%
American Water Works & El. \$7 Pfd.....	109 6.45%

THE NEXT \$5,000 (a)

Approximate Price	Yield to Maturity
Seaboard Air Line 1st Cons. 6s, 1945.....	96 6.35%
Nassau Electric 4s, 1951.....	60 7.60%
Western Maryland 1st 4s, 1952.....	83 5.25%
Brooklyn-Man. Tr. \$6 Pfd.....	87 6.90%
International Paper \$7 Pfd.....	96 7.15%
American Tel. & Tel. common.....	168 5.35%

(a) This group is selected with a view toward probable enhancement in principal.

* Recommended to hold at present.



WHAT THIS SYMBOL MEANS TO YOU

—diversified public service—progressive, unified management

In over 3000 communities in 32 states this symbol of the Cities Service organization is known and respected. It stands for public services performed satisfactorily for millions of people—

- 1—Gasoline and oil supplied at retail and wholesale through stations and dealers in 25 states. Cities Service has 4000 wells, 1000 miles of oil pipe-lines, 7 refineries, 3000 tank cars, a fleet of ships and more than 800 service stations.
- 2—Electric light furnished for 1,600,000 people and electric power for factories, mines and other industrial enterprises.
- 3—Over 72,000,000,000 cubic feet of natural gas and manufactured gas supplied yearly for cooking, heating, lighting and for industrial use.
- 4—\$10,000,000 of appliances supplied yearly to gas and electric customers of Cities Service properties.

The symbol of Cities Service is your assurance of the highest type of service, rendered by a vast organization—one with \$500,000,000 of diversified properties and 20,000 trained employees.

That Cities Service has won an outstanding position among the country's great public service enterprises is evidenced by the fact that the organization now has more than 275,000 security holders, including many customers of the various Cities Service properties and many insurance companies, banks, trust companies and other institutions.

"Serving a Nation" is the title of an illustrated booklet describing the growth and activities of the Cities Service organization and its fiscal agents, Henry L. Doherty & Company. A copy will be sent free upon request addressed to Cities Service Company, 60 Wall Street, New York City.

[Goldman Band Concerts are broadcast by Cities Service Company Fridays at 7 p. m. Eastern Standard Time (8 p. m. Eastern Daylight Saving Time) and 6 p. m. Central Standard Time (7 p. m. Central Daylight Saving Time), through the following stations: WEAF, WLIT, WEEL, WGR, WRC, WCAE, WTAM, WWJ, WSAI, WLIB, WOC, WCCO, WDAF, KVOO, WFAA, KSD, WTIC.]

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Unified Control

ANSWERS TO INQUIRIES

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The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this

department. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your \$7.50 subscription. Inquiries from non-subscribers of course cannot be answered.

AMERICAN BANK NOTE

What is your advice with respect to American Bank Note? I purchased this stock on your recommendation, several years ago, and have never had occasion to regret my action. The stock not only yields me a good return on my original purchase price, but I have a substantial paper profit. Do you think I should accept this or would it be advisable to hold for purely income purposes?—L. A. J., Philadelphia, Pennsylvania.

As a result of operations in 1926, American Bank Note Company was able to report net income of 2 millions, equivalent after preferred dividends to \$3.51 a share earned on 494,525 common shares of \$10 par value. This constituted a considerable increase over the 1.59 millions, or \$2.68 a share reported in 1925. At the end of the year the company was in strong financial condition, plentifully supplied with working capital, and having cash, investments and money on call in excess of 3.8 millions. A further improvement was shown in earnings in the first quarter of 1927, net being equal to 77 cents a share, against 62 cents a share in the first quarter of 1926. The record of this company over a long period of years has been of steady expansion both in scope of operations and earning power, and the visible outlook for the future is for further progress along constructive lines. The stock at present yields a fair return, and over a reasonable period of time should sell higher. We see no reason to advise you to liquidate your holdings.

CHICAGO & NORTHWESTERN

When I wrote you regarding Chicago & North Western about a year ago you advised me to hold my stock which I did to my financial profit. You wrote in a very optimistic manner in regard to this stock at that time, and since it has advanced considerably in market value I am wondering if your position is unchanged. In other words, should I continue to hold?—H. L., Rochester, N. Y.

Following a change in the active management and control of Chicago & Northwestern and aided by improved

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privilege of the Inquiry Department should be guided by the following:

- 1 *Be brief.*
- 2 *Confine requests for an opinion to three securities.*
- 3 *Write name and address plainly.*

conditions in the territory served, this company has been able to report one gratifying increase in earnings after another. Thus, earnings in 1926, as applicable to the common stock, were equal to \$6.92 a share on 1,567,425 shares of common stock, compared with \$6.34 a share on 1,451,562 shares in 1925. While the company's cash holdings declined considerably from 16.19 millions to 7.43 millions, this was more than offset by a very substantial gain in investment account, from 14.57 millions to 26.59 millions. Under the guiding hand of the present energetic management, the company has progressed far toward the scaling down of its operating expenses, which, however, has not been effected at the expense of maintenance. In 1926 the company expended 55.2 millions for maintenance of way and equipment against 51.6 millions in 1925 and 53.14 millions in 1924. As a result of these expenditures the properties have been placed in excellent physical condition, hence the company is situated to derive the maximum of benefit from operations. The shares have advanced considerably in due reflection of favorable internal developments, but considering the satisfactory outlook we are not

confident that their entire possibilities have been exhausted.

MINNEAPOLIS, ST. PAUL and SAULT STE. MARIE

I am at a loss to determine the proper course to follow in regard to my stockholdings in Minneapolis, St. Paul and Sault Ste Marie R. R. preferred stock. I have held these securities over a number of years, and have had little reward for my pains. I noticed considerable favorable comment in 1926 and felt very much encouraged, but the latest statement of the company throws cold water on my hopes. Do you think there is any incentive to continue holding this stock?—F. J. W., Chicago, Illinois.

In 1925, when Minneapolis, St. Paul and Sault Ste. Marie reported net income of \$4.72 a share earned on the common stock, it seemed that this company was in a fair way toward the development of a substantial and lasting earning power, but the publication of its latest earning statement influences a revised opinion. Net income in 1926 amounted to only \$15,859, equal to 12 cents a share on the preferred stock, against 2.07 millions the year before. The decline in earnings might be attributed directly to a falling off in gross business, which amounted to 46.85 millions in 1925 against 49.67 millions the year preceding.

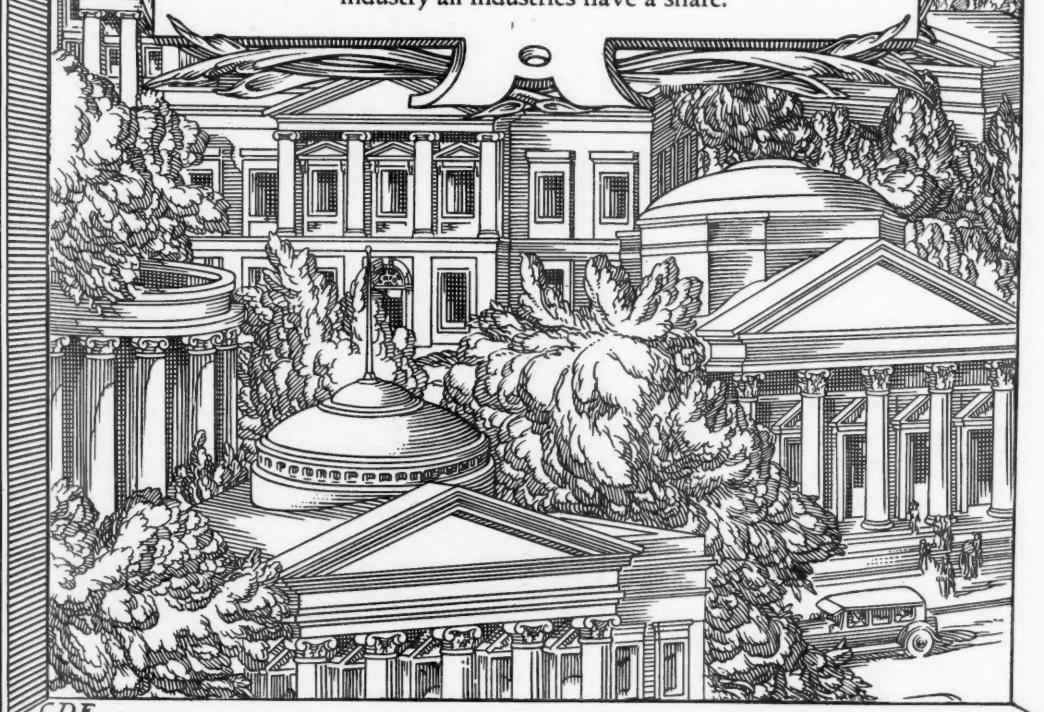
(Please turn to page 249)

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BANKS

General Motors plants in 54 cities in America and overseas make more than one million cars a year from materials bought from over 4600 suppliers. Railroads collect \$72,250,000 in freight on these cars which are sold by 18,000 dealers in 103 countries. In its financial operations General Motors is a customer of 10,000 banks. Thus in the prosperity of the motor industry all industries have a share.



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FRIGIDAIRE—*The Electric Refrigerator*



Smoke is now power

IN 1919, it took three pounds of coal to make one kilowatt hour of energy—leaving thousands of tons wasted as smoke and ashes.

Today only about two pounds of coal are needed to generate a kilowatt of electricity. Tons of coal that with 1919 methods would have turned into smoke and ashes are now being turned into electric power.

With electric engineers estimating that by 1930 one pound of coal will give one kilowatt hour of energy, the electric industry should by that date be producing more than 90,000,000 kilowatt hours with less fuel than the 1925 production of 68,730,000 kilowatt hours consumed.

WESTINGHOUSE ELECTRIC & MFG. CO.
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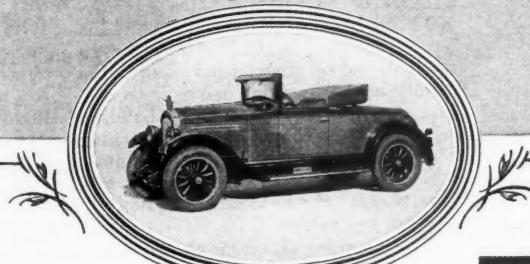
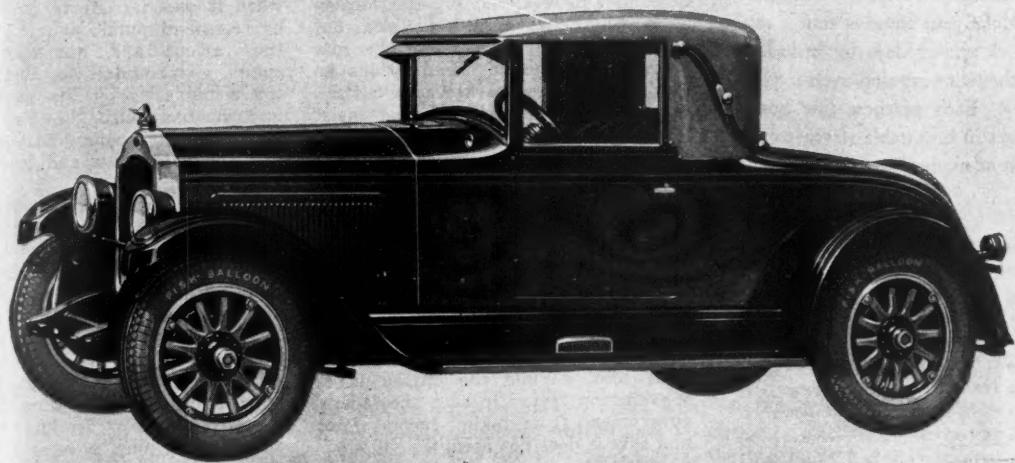
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THE "70" WILLYS-KNIGHT CABRIOLET COUPE



AMOST accommodating dual-purpose car, this celebrated "70" Willys-Knight Six Cabriolet Coupe. Now, a closed car — cozy, warm, weatherproof. Then, with no trouble, it readily transforms into a dashing roadster, affording all the fresh air and freedom of the conventional type of roadster.

No other car is so richly equipped with advantages:

The Knight Sleeve-valve Engine—The only type of engine that actually improves with use.

7-Bearing Crankshaft—Eliminates vibration.

Skinner Rectifier—The only device that positively prevents oil dilution and contamination.

4-Wheel Brakes—Positive, mechanical, quick-acting.

Open or closed . . . with dickey seat . . . holds four.

Belflex Shackles—Patented spring shackles that make the chassis lastingly quiet. No greasing or adjustment.

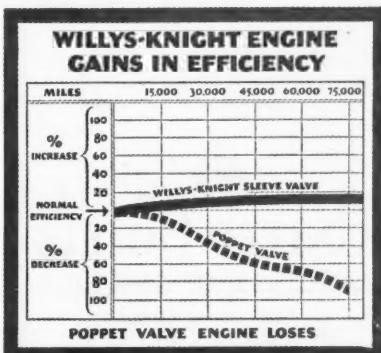
8 Timken Bearings in Front Axle—Twice as many as in most fine cars. Easiest steering you have ever known.

Light Control at Steering Wheel—Within easy finger reach. Convenient as a wrist-watch.

Narrow Body Pillars at Windshield—Insuring greater vision. An added safety factor of major importance.

When all other cars are so equipped, accidents will be reduced to a minimum.

Gabriel Snubbers—Air cleaner — Thermostatic Temperature Control.



"70" Willys-Knight Six, \$1295 to \$1495. Willys-Knight Great Six, \$1750 to \$2950. Prices f.o.b. factory and specifications subject to change without notice. Willys-Overland, Inc., Toledo, Ohio. Willys-Overland Sales Co., Ltd., Toronto, Canada.

WILLYS-KNIGHT SIX



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<input type="checkbox"/>	The NIAGARA	Niagara Falls, N. Y.
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LOCAL TAXES BECOMING BURDENOME

(Continued from page 203)

We must unceasingly guard against making public improvements at too rapid a pace.

I do not mean to say that governments should go back to mere protective functions. We must have schools, roads, streets, hospitals, jails, asylums, penitentiaries, police, army, navy, and many other public units and services of various sorts. If we want the state to provide all these things for us, and most of us do, we have no right to complain recklessly of the burden of taxation, on general principles; but we have a right to question the rate at which our public organizations go into these things and we have a right to scrutinize the accounts and insist upon efficiency and economy.

The complex decentralized, government-within-government nature of our government or governments makes it bafflingly difficult to check extravagance, curtail waste and maintain efficiency. We have federal, state, county, city, township, village, and various special district tax collectors and tax spenders to watch. They are tireless, resourceful and ingenious at their jobs. While the citizen is at Washington trying to keep the federal government from taking income from him that it does not need, the village in a burst of enthusiasm votes a \$500,000-bond issue for new schools. While he is attending a Village meeting to prevent some other bond issue, the county authorities put one over on him and vote a costly county building scheme. If he should be busy watching the county commissioners, the state legislature will rush through a 10 million dollar bond issue to bridge a swamp.

To a complex situation to watch and control, we have added by tax exemptions a situation which makes it easy to secure public concurrence in enormous and wasteful expenditure. About two-thirds of the net national income is exempt from federal income taxation and in some states one-fourth of the property escapes property taxation, meaning, of course, that a large number of citizens directly pay no local taxes. All of the federal personal income taxation is borne by about 2,400,000 persons out of 120,000,000, and in all our large cities a majority of the people pay no local taxes of any kind, as such. These millions who do not pay taxes that they know of (although, of course, as householders and as consumers of commodities they always pay some and, frequently, a considerable share of taxation) are quite ready to vote for public improvements that they fancy the other fellow and especially the rich man pays for. Some politician has boasted that in a city of 300,000 he can put through almost any

public bond proposition if he can enroll 300 people who are enthusiastically in favor of it.

Contrary to the popular notion, taxation cannot always be pushed on to somebody else and even if it could the only result is to shift the burden from one person to another—the social consequences are the same. Our political economy system is based on the theory of individual economy and individual liberty. Private initiative is stifled when it sees its efforts go unrequited by reason of public policy. The more the various and numerous governments, great and little, abstract from the citizen's pocket his bank account and his savings, the less he will work, plan and save, and the more he will dodge taxation and evade assessment.

You can break down modern society economically and morally by over-taxation just as thoroughly as the robber barons of old broke down the spirit of their times. There is this difference, however, between those days and ours: The oppressed masses now have it in their power to save themselves; the serfs of the middle ages did not. Our oppression is of our own making. Easy spenders ourselves, we have made easy spenders of our government at our cost. The spread of the corporate form of economic association has made our plucking the easier. We even chuckle as the "soul-less corporations" are muled, forgetting that in smaller dividends or higher prices we investors and consumers meet the reckoning. There are 20,000,000 shareholders in corporations, but they were so hypnotized by the last reduction in federal personal income taxation that they ignored the refusal of Congress to change the corporation income rate. The result is that they paid \$183,000,000 more taxes the first nine months of this fiscal year through their corporations—which the government didn't need—than last.

Moreover, notwithstanding the reduction of the personal income rates, there was an increase even in the amount of collected personal taxes. After taking into account all forms of internal revenue taxation, from personal income to uncolored oleomargarine, increase in corporate taxes was 94% more than the increase from all other forms.

Our problem is how to use our power to cure our own follies and avoid them hereafter. The individual taxpayer cannot do much to protect himself or his fellows and retain a fair share of his earnings. The taxpayers must unite and create organization that will tirelessly watch the spenders of public moneys and ceaselessly scrutinize the objects of public expenditure.

BEAR MARKET AHEAD?

Ever since the stock market collapse of March, 1926, the American Institute of Finance has persistently and consistently recommended the purchase of outstanding individual rails, public utilities and industrials.

Profits available on all specific recommendations, of the past twelve months, are now equal to over 50% on the capital recommended for use.

SELL NOW?

Accepted averages of industrial stocks are now around 170. In March, 1926, they were 135. In 1921, our last period of depression, these same averages were 65.

The low levels of six years ago and the marked collapse of March, 1926, furnished unusual opportunities for purchase. NOW, the stock market, as shown by the averages, is the highest on record. Is this the time to sell—sell—sell?

WHAT ABOUT THE NEXT SIX MONTHS?

With the securities market on such an inflated basis, what are the exact facts in regard to the future from a financial, economic and business standpoint? Bullish forecasts are now extremely insistent. Is this simply a repetition of the bullish propaganda that we always hear after stock market prices have doubled?

Is the distribution of stocks, under existing optimism, just as insistent as was the accumulation of 1921? Will the current price levels be replaced by a broad bear market—not one of two or three months—but one of years?

Or, because of unusual conditions, from a financial standpoint, does the outlook warrant still further appreciation in security prices?

The answers to these questions are of utmost importance to every investor. The plain, unvarnished facts on the present stock market and business situation are given, and specific recommendations made, to aid in taking advantage of conditions ahead, in our latest Bulletin. Send for it and read it carefully.

"Simply sign and return the blank attached below, no obligation."

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Name

Street

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(Continued from page 221)

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
61	4	6.6	4.05	63-59

havoc with some of company's competitors. Stock should give good account of itself over period of time after conditions are more stable.

Cerro de Pasco

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
61	4	6.6	4.05	63-59

Ability to operate profitably even under adverse conditions in copper market places company in strong position. Properties located in Peru, South America. One of world's lowest cost copper producers, partly by reason high silver content in ores. Continued weakness in copper may impair current earnings somewhat, but longer term outlook favorable.

Chile Copper

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
37	2½	6.7	2.65	39-34

Another of the world's lowest cost copper producers, controlled by Anaconda. Owns largest known body of copper ore, sufficient to last over 100 years at current rate of production. Ores are low grade, and profits depend on volume production. In position to increase production whenever conditions in copper market warrant. Stock slow but reliable.

Continental Can

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
65	5	7.7	6.36	73-59

Second largest of can manufacturing companies. For some years prior to 1926 earnings were well in excess of dividend needs and had exhibited a steadily rising trend. Profits still maintained, although on smaller scale as result of lower prices due to over-production of canned goods. Situation gradually clearing, and stock should do better.

Crucible Steel

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
86	6	7.0	8.72	97-77

Has had much success in adjusting its affairs to a peace-time basis. Controls greater part of crucible steel output, and has been active in developing alloy steels for special uses. Carrying out consistent program of expansion and cost reduction. Earnings, normally fluctuating, are now more regular. Stock offers some attraction based on possible dividend increase.

Endicott-Johnson

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
69	5	7.7	5.92	71-65

Large shoe manufacturing enterprise, a complete unit in industry, tanning large part of its own leather requirements, making its own rubber soles and heels, and owning some retail stores. Has embarked on program of diversification and extensive advertising. Stock subject to narrow movements and somewhat colorless, but has investment merit.

Gen. Amer. Tank Car

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
48	3	6.3	5.56	50-46

Largest manufacturer of tank cars, also large output of various types of freight cars. Likewise engaged in leasing tank cars to shippers. Strong financially. Earnings in recent years characterized by regularity rather than impressive volume, which tends to maintain stock at reasonable level. Future upturn in earnings appears more likely than recession.

Great Western Sugar

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
116	8	6.9	3.86	119-109

Foremost among beet sugar producers in United

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927

States. Has held its own very satisfactorily during protracted sugar depression, and, aided by tariff, is capable of very substantial share earnings under normal conditions. Unusual financial strength, especially for sugar company. Bright outlook in event that present firmness in sugar market is sustained.

Kennecott Copper

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
65	5	7.7	5.80	66-60

Controls copper mining properties covering wide range of territory in Western Hemisphere, low cost producers in all cases. Steady improvement in earnings position despite consistently low copper prices in recent years. High yield in combination with semi-investment quality of stock renders it attractive for holding over period of time.

N. Y. Air Brake

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
44	3	6.8	5.10	48-40

Manufactures air brake equipment for railroad cars under Westinghouse patents. Product recognized as high grade, and while earnings are subject to irregularity, there is reasonable assurance of good average showing. Recent upturn in equipment demand should prove of benefit. Stock somewhat speculative but should prove profitable in long run.

Phillips Petrol.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
43	3	7.0	8.89	60-40

Stands in front rank of independent crude oil producers. Stock capitalization has been increased frequently but not to detriment of share earnings. Main function of crude production supplemented by growing output of natural gasoline. Some uncertainty in outlook arising from depressed oil conditions, but is in position to weather the storm.

St. Joseph Lead

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
40	†3	7.5	4.22	44-39

Largest individual miner of lead ores in United States. One of lowest cost producers and equipped with extensive ore reserves. Stability of earnings unusual for a mining company and uninterrupted dividend record for over thirty years. Current earnings curtailed somewhat due to weakness in lead market, but long range aspect favorable.

Standard Milling

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
80	5	6.3	7.35	80-70

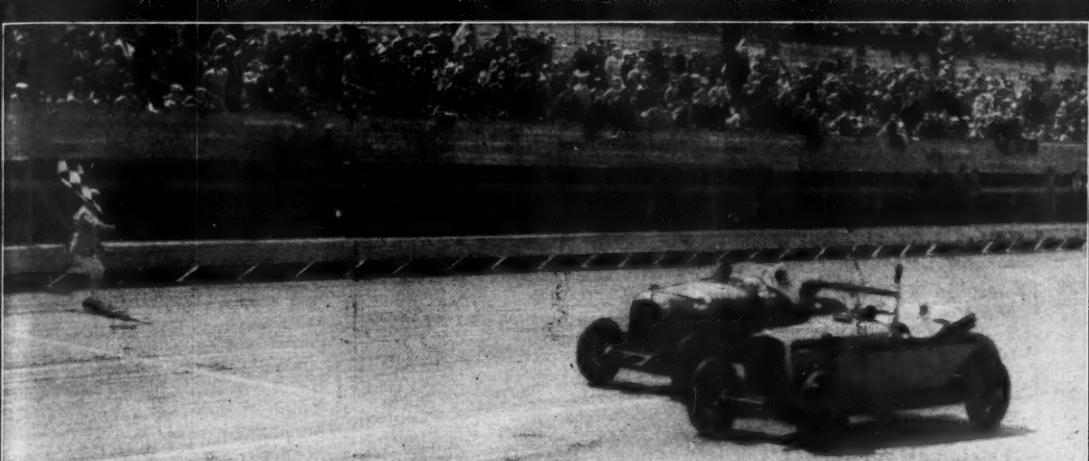
Among largest flour milling enterprises in world. Owns entire capital stocks of several subsidiaries whose products have been widely advertised and well known for many years. Strong financial position, working capital alone being nearly equal to par value of common stock. Stock inactive and somewhat erratic but offers chance for gradual profit.

Texas Corp.

Price	Dividend	Yield %	1926 Earnings	Price Range, 1927
47	3	6.4	4.98	58-45

One of largest and most powerful of independent oil enterprises. Complete unit engaged in all branches of industry. Recent re-incorporation provides wider latitude in future expansion. Present earnings impaired by over-production and price cutting in industry, but should emerge from depression stronger than ever. Stock has investment qualities.

* Year ended Feb. 28, 1927. † Including extras.



Actual photograph of the two leading cars finishing only one-fifth of a second apart in the thrilling 75 mile stock car race before tens of thousands of people on Atlantic City Speedway, May 7th. Stutz 86.247 m.p.h. Auburn 86.240 m.p.h. The 8-88 Roadster of type shown in photograph above, is for sale at all Auburn dealers for \$1995, plus slight additional cost for wire wheels, bumper, extra tire, freight and tax.

Auburn Straight Eight Stock Car Makes 86.240 Miles Per Hour

75 Miles in 52 Minutes, 10:77 Seconds

All manufacturers and dealers were invited to enter stock cars in this supreme test of endurance, speed and reliability officially sanctioned and timed by the American Automobile Association. To enter required courage and utmost confidence in a car's ability and stamina, because it was a merciless punishment that only the best could survive. It was a performance that would do credit to costly, special race cars, and yet the two Auburn 8-88 stock roadsters entered (with fenders, running boards and windshield glass removed) made 86.240 m.p.h. and 85.202 m.p.h. This phenomenal performance is most eloquent testimony of Auburn's inherent soundness and extraordinary value . . . and explains why we can say—"Drive the Auburn 8-88, and if it does not meet your requirements better than any other car, you will not be asked to buy"

Auburn Automobile Company, Auburn, Indiana

A U B U R N

YOUR NEXT CAR

6-66 Roadster \$1095; 6-66 Sport Sedan \$1195; 6-66 Cabriolet \$1295; 6-66 Sedan \$1295; 8-77 Roadster \$1395; 8-77 Sport Sedan \$1495; 8-77 Cabriolet \$1595
8-77 Sedan \$1695; 8-88 Roadster \$1995; 8-88 Sport Sedan \$2095; 8-88 Cabriolet \$2095; 8-88 Sedan \$2195; 8-88 7-Pass. Sedan \$2595. Freight, Tax and Equipment Extra

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A Weekly Commodity Review is also issued and will be sent on application

A SOLUTION FOR POOR STREET RAILWAY EARNINGS

(Continued from page 215)

ter was located in the executive offices of the company effecting control and supervision of fifteen automatic sub-stations. This almost human system of controlling sub-stations many miles away results in the application and control of power where needed with resulting economy.

One of the economies effected in the handling of electric power was shown in the experience of the Cincinnati, Lawrenceburg and Aurora Electric Railway, where lighter load necessitated the use of fewer generators, materially cutting down the amount of coal, while in other stations it has been possible to shut down sub-stations completely and reduce the number of units used in other sub-stations.

Pick out many localities securing very reasonable rates of fare. Right there you will find the public is being sold street railway service with new and modern equipment.

Startling as it may seem, the street railway systems and the public are paying for 12,000 new cars per year and not getting them.

The savings in cost of operation of new equipment would pay for 12,000 new cars annually.

Put it this way. Twenty-eight thousand cars now in service were purchased before 1907. Thousands of obsolete cars purchased since are running.

Small wheels, low floor construction, light-weight sheet framing, inclosed vestibules, magnetic brakes and a host of other improvements make these old cars so costly to operate that a new car can be paid for by three years' savings.

The remainder of the new car's life is pure profit.

Take the concrete instance of one of the latest developments in the street railway field, magnetic brakes. Nothing makes a passenger madder than to have a car run by him.

The Buffalo and Erie Railway Company estimates it is saving seventy thousand dollars per year in accident claims by perfect control by magnetic brakes,—a system of supplementing air brakes on wheels by brake shoes on the rails drawn down magnetically, giving a total drag of six to eight thousand pounds.

Take the test on the Cleveland Southwestern Railway and Light Company's lines with a fully loaded forty

thousand pound car, traveling sixty-five miles an hour, stopping in seven hundred and eighty feet.

Result: Magnetic brakes reduce stopping time and distance thirty to forty per cent, and the worse the track, the better the braking.

Another good instance of an unusual development in street railway equipment is that of the articulated cars. The articulated car is one consisting of a series of bodies whose ends rest on common tracks. The bodies are joined together by intermediate vestibules called "dog houses," so that the whole structure is really one room and is as flexible as a garden worm.

Complicated and expensive construction, great weight and all the attendant expense, have been eliminated by this simple construction.

Under the guidance of Mr. William B. Mayo, the Ford Company's Chief Engineer, Detroit's railways selected articulated cars to relieve congestion at peak loads. The car is one long body provided with a number of doors.

Results on trains at Detroit on surface lines, ranging to results in subway traffic show from 140 to 2,200 passengers can be carried in a single train and loaded in a couple of minutes at a single stop. The power saving is almost fifteen per cent because of light weight.

The cars turn in the curves without swinging out the dangerous ends. I saw this swinging end nuisance recently in the Cleveland public square result in an accident, killing one man and injuring two more at the evening rush hour.

The public enjoys being comfortable. Comfort makes a salable article. No automobile would ever sell with the kind of seats that passengers were formerly required to ride on in a street railway car. No bus would ever get any passengers if it was equipped with street railway seats.

Now the newer thought in street railway management is to provide comfortable seats, preferably of the armchair type used in buses and other smaller types of equipment. There is no reason why the public should not be as comfortable in riding in a street railway car as in a bus. Strange that for a long time the reason why people did not want to ride in street railway cars never seemed to occur to the managements.

One of the biggest features about the newer type of railway equipment is a quick opening and quick closing door that is safe. Delay in getting out of a door and delay in opening up the door to allow passengers to get on, particularly when it is raining and snowing, will have a lot to do with the comfort and convenience and low cost of operation of street railway equipment.

Nowadays it is common to provide pneumatic and electric equipment for quickly operating these doors and for handling them mechanically by properly telescoping them so as to leave a wide open space when the door is open

(Please turn to page 242)

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A car for her, too!

In thousands of average American homes there are now two automobiles—"a car for her, too," so that there may be transportation for the family while "he" drives to business.

And the family car has such an infinite degree of usefulness!—neighborhood shopping, running downtown, taking the children to school, afternoon calls, meeting trains and the many trips that must be made to and from the house as part of every day's work.

Chevrolet is so admirably suited to a woman's needs that it has become an universal favorite as a family car. It is so easy to drive and to park that women handle it with perfect safety and confidence. And, with striking new bodies by Fisher, it provides in abundant measure the comfort, charm and elegance that women enjoy in a motor car.

This wide market for Chevrolet cars has made the Chevrolet franchise one of the most valuable in the automotive industry—giving Chevrolet dealers a constantly growing volume of sound, profitabale business.

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The Touring or Roadster	\$525
The Coupe	625
The 4-Door Sedan	695
The Sport Cabriolet	715
The Landau	745
The Imperial Landau	780
½-Ton Truck (Chassis Only)	395
1-Ton Truck (Chassis Only)	495

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They include the lowest
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charges available.



Q U A L I T Y A T L O W C O S T

JUNE 4, 1927

(Continued from page 240)
for quick ingress and egress of passengers.

One of the most important things which seems to have been overlooked by street railway managements generally is the question of making passengers comfortable and safe while they are waiting for the equipment to pass by. The use of the old car as a waiting room has gone by. The street railway's responsibility for a salable product does not stop with letting the passengers off or begin with taking them on. It goes back very much farther than that.

The buses provide comfortable stations even for their local traffic. The bus makes it convenient to get on because it goes to the curbstone.

Street railways can offset this if they can follow the plan started in Washington, D. C., and now being put into effect in other cities, such as Cincinnati, of having raised aisles of safety instead of mere street circuit safety zones. Putting the passengers up on a platform puts them in a dry place in the street and gives them a feeling of safety.

But the street railway and the cities should co-operate in providing proper shelters and roofs over these waiting places so that the waiting passengers need not freeze to death or drown while waiting to get on the car. Simple, strong and architecturally pleasing structures at low cost can be installed. The street railways that go that far in co-operation with cities in providing this sort of equipment are going to preserve their investment and offer a salable transportation.

Bright, cheerful cars attract passengers as a candle attracts the moth. A good many street railways have made the great mistake of running cars so poorly illuminated through lack of proper lighting equipment and lack of proper clean upkeep, that riding in a car at night is like riding in a dungeon.

The bus has its own field of transportation. The street railway has its field. The two kinds can supplement each other and aid each other, provided the street railways keep up with modern developments. They cannot sell unsalable goods. Street railway must dress their windows if they want to attract their customers.

The horse is the only form of transportation that never employed a development department.

And the horse is the only form of transportation that has ever been displaced by any other form of transportation.

It is a fact seldom recognized that no other major means of transportation or communication has ever been displaced by any later form of invention.

Perhaps the older means have been supplemented, but never supplanted.

The "rubber urge" towards buses and automobiles is not a passenger disease; it is a revolt against antiquated unsalable street railway transportation.

No American ever kicked about the cost of anything if it was what he wanted. People kicked about street railway fares not because they are high but because the street railways were furnishing something that was not salable.

It should not be lost sight of that the field for electric railroads is still golden. While electric cars constitute only twenty-five per cent of the traffic, they are still capable of carrying eighty per cent of the people. They can carry that and more.

WILL THIS BE THE YEAR WITHOUT A SUMMER?

(Continued from page 199)

I state that all these forecasts, fulfilled and to be fulfilled, have been based on critical study of causations during the last six years, reinforced by exhaustive examination of historical records of parallel years in the past extending, in Europe at least, back toward the early centuries of the Christian Era?

What are the bases of causation? They have been presented in several articles in *THE MAGAZINE OF WALL STREET* during the past two years, as well as in other publications. I shall restate them briefly:

1. The sun is a variable star, not only from day to day but over periods of years, delivering against the surface of the earth varying quantities and intensities of radiation, resulting in diverse heat effects upon the atmosphere, the land surfaces of the earth and the surfaces of the oceans.

2. The remarkable capacity of the salt oceans to absorb the sun's radiation leads to the carrying poleward of enormous stored heat in vast bodies of warm water and the consequent displacement and movement of polar cold water toward the Equator. These bodies of water with temperatures abnormal to their latitudes vary in surface temperatures, in areas and in positions, with the long swings in solar radiation over periods of years, and thus influence the temperature of the over-lying air, its humidity, the strength and direction of the winds, and thus affect materially the resultant weather, its temperature and its precipitation over the continents towards which the winds may blow.

3. Secondary influences come from the sun's direct radiation on the land, but the oceanic influences are paramount.

4. Since periods of years, varying in the several oceans, are necessary to elapse before these pronounced changes can be effected, the measurement of the changes in solar radiation forms the essential basis upon which Long Range Weather Forecasting is predicated.

5. The moon is an important factor, especially in its varying tidal pulls on the cold water oceanic areas of the temperate zones.

6. One of the best known cycles in solar radiation is the sunspot cycle of slightly over eleven years. Five of these periods amounting to 55.8 years run coincidentally with three lunar-solar periods of 18.6 years. In other words, every 55.8 years there is a return of coincidence of the lunar-solar and the sunspot cycle, exercising a profound and measurable influence on oceanic conditions and on the weather of the world. One of these took place in 1816. The second one from 1816 is due this year and is already in operation.

I have traced the influence of these cycles not only back to the famine of Diocletian, 300 A.D., but back to the famine of Pharaoh, about 1700 B.C. Their effects will vary through more or less perfect or imperfect conjunctions with other causations, but they are always pointers to adverse weather and crop conditions as far back as history furnishes records of weather catastrophes.

I had forecast months ago that this was, moreover, to be a year of violent fluctuations, of floods and droughts, of unseasonable heat and cold, of hailstorms, tornadoes and tropical hurricanes. To date there have been record-breaking snows and blizzards, record-breaking rains and sequent floods, record-breaking gales, record-breaking frosts and freezes, record-breaking hurricanes, and the year is still young.

Temperatures have averaged high but the destruction has been from cold waves and killing frosts. The rainfall has been subnormal, but the Mississippi flood has been the greatest and most destructive ever known. Tornadoes belong in the spring and summer, but they have begun well back into the winter on parallel dates with severe blizzards.

This is the year of the Great Weather Paradox!

Editor's Note: Should this forecast of abnormal weather conditions be verified this year, the effect on crops and business would be marked. It is difficult to accept the forecast unless we also believe that the result of the prospective situation could be to lower crop output. In that event, agricultural prices would be improved, something which the farmers, in their present despondent state, would hardly consider a calamity. In any event Mr. Browne's views are of interest not only to farmers but to business men throughout the country.

CORRECTION

The present dividend rate of International Business Machine as given on page 136 of the May 21st issue should have read \$4.00.

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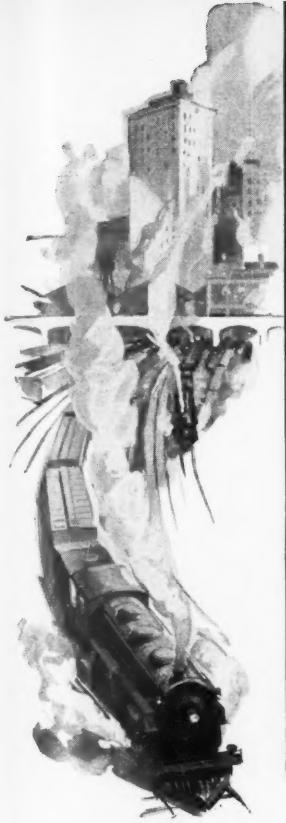
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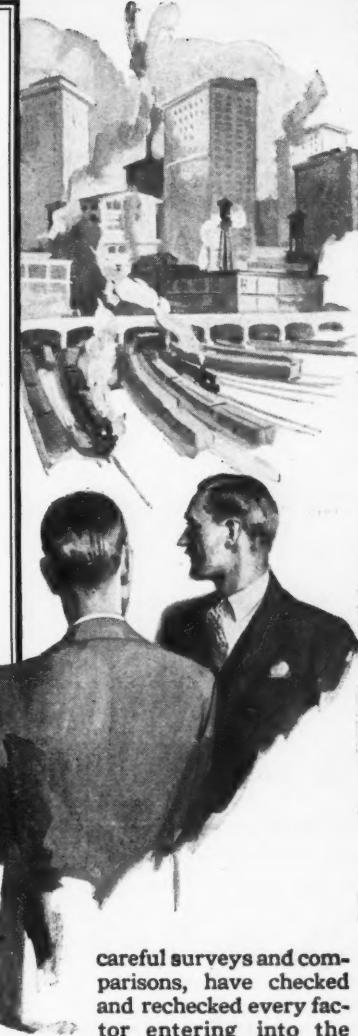
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Here is the Answer	
We asked the question "How did your first quarter for 1927 compare with the same period for 1926 in the Southern territory?" Space permits publication of only a few of the answers, which are typical. Many others were given in confidence and cannot be published.	
American Multigraph Co.	4% Increase
Certain-teed Products Corp.	29.7% Increase
Bradley Knitting Co.	4% Increase
Kelly-Springfield Tire Co.	158% Increase
Truscon Steel Co.	18% Increase
L. C. Smith Typewriter Co.	10% Increase
Monroe Calculating Machine Co.	35% Increase
The Maytag Co.	200% Increase
Frigidaire Corporation	50% Increase
Elliott Addressing Systems	10% Increase
Columbia Phonograph Co.	71% Increase
Stromberg Electric Co.	12½% Increase
Whitehead & Hoag Co.	39.1% Increase
Milwaukee Tool Co.	86.6% Increase
Cannon Mills, Inc.	20% Increase
Line-A-Time Mfg. Co.	50% Increase
Simplex Piston Rings Co.	63% Increase
J. I. Case Threshing Machine Co.	10% Increase
Hendricks Electric Co.	80% Increase
Whitaker Paper Co.	4% Increase
Lee Tire & Rubber Co.	5% Increase
Yarnell-Waring Co.	18½% Increase
Dictaphone Sales Corp.	22% Increase
Fuller Brush Co.	18% Increase
Automatic Refrigerator Co.	15% Increase
Egypt Register Co.	6.5% Increase
Russell Mfg. Co., Inc.	28% Increase
Wm. E. Wright & Son	20% Increase
Eric Steam Shovel Co.	15% Increase
Gerrard Wire Tying Machines Co.	33.72% Increase
Watson & Waters Mfg. Co.	33½% Increase
C. F. Houghton & Co.	18% Increase
Commercial Envelope Co., Inc.	25% Increase
Structural Slate Co.	30% Increase
Miller-Bryant-Pierce Co.	70% Increase
Miller Rubber Co.	33½% Increase



Answered! by those who know

Is business continuing good in the South? Was 1926 an unusual year? What are conditions today?

We asked the leading national concerns, the great names in American industry, who make Atlanta their Southern headquarters, how the first quarter of 1927 compared with the same period of 1926. Gains reported ranged from 4% to 200% increase over 1926.

Business is Good in the South

Yes, business is good in the South. The great and permanent prosperity founded on a purchasing power which has more than trebled in the past ten years, is today reaching greater heights than ever before.

And it is significant that those manufacturers who have realized that this country can no longer be served from any one point, who have selected Atlanta as the logical point from which to serve the South, are the ones who are getting

the business, increasing their volume, making big profits.

The Ideal Location

Atlanta combines in one location the three great essentials to successful manufacturers: *Low production cost*, brought about by efficient, intelligent, Anglo-Saxon labor, together with big savings in raw materials, power, taxes and other basic factors. *A rich and growing market*, absorbing an ever increasing volume of the national production of manufactured products. *Excellent transportation facilities* over 15 railroad lines radiating from Atlanta.

The finest merchandising brains in the country have made the most

careful surveys and comparisons, have checked and rechecked every factor entering into the problem of branch location and have found that Atlanta answers every requirement. As a result, over 800 of America's best-known national concerns have placed their Southern Branches in Atlanta.

Get the Facts

The Atlanta Industrial Bureau is thoroughly equipped to present the facts as they apply to your business. There is no charge, no obligation. The information your request will bring may be worth many thousands of dollars to you—may prove the measure of your profits for the coming years. Your inquiry will be held in strict confidence.

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RAILS

	Pre-War Period		War Period		Post-War Period		1927		Last Sale		Div'd
	1909-1913		1914-1918		1919-1926		High	Low	High	Low	\$ Per Share
	High	Low	High	Low	High	Low	High	Low	5/25/27	Share	
Atchison	125%	90%	111%	70	172	91%	186%	161%	181%	47	
Do. Pfd.	106%	96	102%	75	102	72	103	99%	102%	5	
Atlantic Coast Line	148%	102%	126	79%	268	77	205	174%	183	47	
Baltimore & Ohio	122%	90%	96	88%	109%	27%	124%	106%	123%	6	
Do. Pfd.	96	77%	80	48%	73%	38%	79%	73%	79	4	
B'klyn-Man. Transit	..	..	..	..	77%	9%	70%	59	61%	4	
Do. Pfd.	..	..	..	..	89%	31%	88	85%	106%	6	
Canadian Pacific	283	165	220%	126	170%	101	192%	165	184	10	
Chesapeake & Ohio	92	51%	71	35%	178%	46	186	151%	185%	7	
Do. Pfd.	..	..	..	..	171	96	168	158	185%	7	
C. M. & St. Paul	165%	96%	107%	35	52%	31%	17%	9	143%	..	
Do. Pfd.	181	130%	143	62%	76	7	26%	18%	24%	..	
Chi. & Northwestern	198%	123	136%	35	105	45%	59%	78%	86%	4	
Chicago, R. I. & Pacific	..	..	45%	16	71%	19%	107%	68%	108%	5	
Do. 7% Pfd.	..	..	94%	44	108	64	110	102%	109%	7	
Do. 6% Pfd.	..	..	80	35%	98	54	103	95%	103	6	
Delaware & Hudson	200	147%	159%	87	183%	83%	215%	171%	208%	9	
Delaware, Lack. & W.	340	192%	242	160	260%	93	173	140%	164	14	
Eric	61%	33%	59%	18%	42	7	56%	39%	55%	..	
Do. 1st Pfd.	49%	26%	54%	16%	55%	11%	61%	52%	61%	..	
Do. 2nd Pfd.	8%	19%	45%	13%	50%	7%	58%	49	55	..	
Great Northern Pfd.	137%	115%	134%	79%	100%	50%	91%	79%	89%	5	
Hudson & Manhattan	..	..	..	..	41%	20%	65%	40%	58	2	
Illinois Central	162%	102%	115	85%	131	80%	130%	121%	126	7	
Interboro Rap. Transit	..	..	..	..	53%	9%	52%	33	38	..	
Kansas City Southern	50%	21%	35%	13%	51%	13	63%	41%	55	..	
Do. Pfd.	75%	56	65%	40	68%	40	70	64%	68%	2	
Lehigh Valley	121%	62%	87%	50%	106	39%	126%	99%	131	3%	
Louisville & Nashville	170	121	141%	103	155	84%	143%	128%	141%	7	
No. Kansas & Texas	..	..	..	..	..	..	50%	31%	45%	..	
Do. Pfd.	*78%	*17%	*24	*3%	47%	*3%	104%	95%	104%	6	
Missouri Pacific	..	..	38%	19%	45	8%	62	37%	54	..	
Do. Pfd.	..	..	64%	37%	98	22%	111%	90%	104%	..	
N. Y. Central	147%	90%	114%	62%	147%	64%	154%	137%	151%	7	
N. Y., Chi. & St. Louis	109%	90	90%	55	204%	23%	233	186	231%	11	
N. Y., N. H. & Hartford	174%	65%	89	21%	48%	9%	58%	41%	50%	..	
N. Y., Ontario & W.	55%	25%	35	17	34%	14%	34%	23%	28%	1	
Norfolk & Western	119%	84%	147%	92%	170%	84%	184%	156	183	8	
Northern Pacific	160%	101%	118%	75	99%	47%	91%	78	88%	5	
Pennsylvania	75%	53	61%	40%	54%	33%	63%	56%	62%	4	
Pere Marquette	*36%	*15	38%	9%	122	12%	139	114%	137%	2	
Pittsburgh & W. Va.	..	..	40%	17%	135%	21%	174	129	167%	..	
Reading	89%	59	115%	60%	108	51%	119%	94	118%	2	
Do. 1st Pfd.	46%	41%	46	31	61	38%	42%	40%	44%	2	
Do. 2nd Pfd.	58%	42	52	33%	*65	32%	50	43%	46	..	
St. Louis-San Fran.	*74	*18	50%	21	103%	10%	116%	100%	113	4	
St. Louis Southwestern	40%	18%	32%	11	74	10%	78%	61	75	..	
Seaboard Air Line	27%	13%	22%	7	54%	2%	41%	28%	32	..	
Do. Pfd.	56%	23%	58	15%	51%	3	43%	32%	37	..	
Southern Pacific	139%	83	110	75%	118%	67%	115%	106%	113%	6	
Southern Railway	34	18	36%	12%	131%	24%	128%	119	127%	7	
Texas & Pacific	40%	10%	29%	6%	70%	14	83%	53%	80%	..	
Union Pacific	219	137%	164%	101%	168%	110	181%	159%	177%	10	
Do. Pfd.	118%	79%	86	69	81%	61%	84%	77	*83%	4	
Wabash	*27%	*2%	17%	7	52	6	75%	40%	68%	..	
Do. Pfd. A	*61%	*6%	60%	30%	78%	17	96%	76	95	5	
Do. Pfd. B	..	..	32%	18	72	12%	95	65	93	5	
Western Maryland	*56	*40	23	9%	18%	8	58%	13%	58%	..	
Do. 2nd Pfd.	*88%	*53%	*55	20	*30	11	61	23	60%	..	
Western Pacific	..	..	25%	11	40	12	39%	28%	30%	6	
Wheeling & Lake Erie	*12%	*2%	27%	8	32	6	130	76%	55	59	
Do. Pfd.	..	..	50%	16%	53%	9%	97	47%	97	..	

INDUSTRIALS

	Pre-War Period		War Period		Post-War Period		1927		Last Sale		Div'd
	1909-1913		1914-1918		1919-1926		High	Low	High	Low	\$ Per Share
	High	Low	High	Low	High	Low	High	Low	5/25/27	Share	
Adams Express	270	90	154%	42	136	22	139%	124	137%	6	
Ajax Rubber	..	..	89%	45%	113	4%	13	9	9%	..	
Allied Chem. & Dye	..	..	..	..	148%	34	146%	131	140%	6	
Do. Pfd.	..	..	..	..	122%	83	122	120	122	7	
Allis-Chalmers Mfg.	10	7%	49%	6	97%	26%	110%	88	109	6	
Do. Pfd.	43	40	92	32%	111%	67	112%	109	111	7	
Am. Agric. Chem.	63%	33%	106	47%	113%	7%	51%	28%	32%	..	
Do. Pfd.	105	90	103%	89%	103	18	103%	24%	25%	..	
Am. Beet Sugar	77	19%	108%	19	103%	18	143%	28	18%	13	
Am. Bosch Magneto.	..	..	..	..	..	..	..	..	..	..
Am. Can.	47%	6%	68%	19%	*297%	*213%	51%	43%	49%	2	
Do. Pfd.	129%	98	114%	80	130%	7%	130	126	*130%	7	
Am. Cast & Foundry	76%	36%	68	40	*261	97%	109	99%	108	6	
Do. Pfd.	124%	107%	119%	100	130%	105%	130%	127%	*131%	7	
Am. Express	300	94%	140%	77%	175	76%	139%	127	137%	6	
Am. Hide & Leather	10	3	22%	2%	43%	5	10%	7%	10%	..	
Do. Pfd.	51%	15%	94%	10	142%	29%	58%	48	58%	..	
Am. Ice	..	..	49	8%	139	37	137%	114%	135%	8	
Am. International	..	..	62%	12	132%	17	47%	37	46%	2	
Am. Linseed Pfd.	47%	20	92	24	113	4%	71%	48%	65	7	
Am. Locomotive	74%	19	98%	46%	144%	58	116	105%	114	8	
Do. Pfd.	122	75	109	93	124%	96%	124	119%	121%	7	
Am. Metal	*500	*200	*445	*235	*345	64	130	110%	129%	5	
Am. Radiator	76%	*3%	61%	48	49	3	
Am. Safety Razor	47%	4%	6%	3%	4%	..	
Am. Ship & Commerce	

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Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period		War Period		Post-War Period		1927		Last Sale		Div'd \$ Per Share	
	1909-1913		1914-1918		1919-1926		High	Low	High	Low		
	High	Low	High	Low	High	Low	High	Low	5/25/27	Share		
Am. Smelt. & Ref.	105 1/2	56 1/2	123 1/2	50 1/2	152	29 1/2	163	132 1/2	160	8		
Do. Pfd.	74 1/2	24 1/2	95	44	50	18	126 1/2	119 1/2	125	7		
Am. Steel Foundries.	116 1/2	93 1/2	118 1/2	97	122 1/2	63 1/2	46 1/2	41 1/2	45 1/2	3		
Do. Pfd.	113 1/2	92 1/2	115	78	115	113	113 1/2	113 1/2	113 1/2	7		
Am. Sugar Refining	136 1/2	99 1/2	126 1/2	89 1/2	143 1/2	36	95 1/2	79	94 1/2	5		
Do. Pfd.	133 1/2	110	123 1/2	106	119	67 1/2	115	107 1/2	115	7		
Am. Tel. & Tel.	153 1/2	101	134 1/2	90 1/2	151	92 1/2	172 1/2	149 1/2	168 1/2	9		
Am. Tobacco	*530	*200	*256	*123	*314 1/2	82 1/2	139 1/2	120	135 1/2	8		
Do. Com. B.	..	..	..	..	*210	81 1/2	138 1/2	119 1/2	135 1/2	8	
Am. Water Works & Elec.	..	..	..	..	*144	4	83 1/2	62 1/2	82	1.60	
Am. Woolen	40 1/2	15	60 1/2	12	169 1/2	19	33 1/2	17 1/2	17 1/2	..		
Do. Pfd.	107 1/2	74	102	72 1/2	111 1/2	66	86 1/2	49 1/2	50 1/2	7		
Anaconda Copper	54 1/2	27 1/2	105 1/2	24 1/2	77 1/2	28 1/2	49 1/2	45	45 1/2	3		
Associated Dry Goods	..	..	28	10	*149 1/2	46 1/2	44 1/2	39 1/2	42 1/2	2 1/2	
Do. 1st Pfd.	..	..	75	50 1/2	102 1/2	49 1/2	104	97 1/2	104	6	
Do. 2nd Pfd.	..	..	49 1/2	35	110	38	108	105	*105	7	
Atl. Gulf & W. Indies	13	5	147 1/2	41 1/2	192 1/2	9 1/2	42	30 1/2	35	..		
Do. Pfd.	32	10	74 1/2	9 1/2	76 1/2	6 1/2	38 1/2	29 1/2	33 1/2	..		
Atlantic Refining	..	..	..	..	*157 1/2	78 1/2	117 1/2	107	109 1/2	4	
Austin Nichols	..	..	..	..	40 1/2	7 1/2	10 1/2	4 1/2	14 1/2	..	
Do. Pfd.	..	..	..	..	95	50 1/2	61	31	31 1/2	..	
Baldwin Locomotive	60 1/2	36 1/2	154 1/2	26 1/2	187 1/2	62 1/2	222	143 1/2	220	7		
Do. Pfd.	107 1/2	100 1/2	114	90	119 1/2	92	122 1/2	116	123 1/2	7		
Bethlehem Steel	*51 1/2	*18 1/2	155 1/2	59 1/2	112	37	56 1/2	43 1/2	50 1/2	..		
Do. 7% Pfd.	80	47	186	68	108	78	111 1/2	104 1/2	111 1/2	7		
Brooklyn Edison Electric	134	123	131	87	163	82	169 1/2	148 1/2	164	8		
Brooklyn Union Gas	164 1/2	118	138 1/2	78	*128	41	115 1/2	89 1/2	111 1/2	4		
Burns Brothers	45	41	161 1/2	50	147	76	125 1/2	94 1/2	96	10		
Do. B.	..	..	..	..	53	17	23 1/2	16 1/2	23 1/2	2	
Butte & Superior	..	..	105 1/2	12 1/2	37 1/2	6 1/2	113 1/2	73 1/2	91 1/2	..	
California Packing	..	..	50	30	*179 1/2	48 1/2	70	60 1/2	64 1/2	4	
California Petroleum	79 1/2	16	42 1/2	8	*71 1/2	15 1/2	39 1/2	21 1/2	24 1/2	2		
Central Leather	51 1/2	16 1/2	123	25 1/2	116 1/2	9 1/2	17 1/2	8 1/2	16 1/2	..		
Do. Pfd.	111	60	117 1/2	94 1/2	114	28 1/2	72	54	72	..		
Cerro de Pasco Copper	..	..	55	28	73 1/2	23	63 1/2	59	60 1/2	4	
Chile Copper	..	..	39 1/2	11 1/2	38 1/2	7	39 1/2	34 1/2	35 1/2	2 1/2	
Chrysler Corp.	..	..	..	..	*255	*105 1/2	47 1/2	38 1/2	45 1/2	3	
Coors Cola	..	..	..	..	111 1/2	100 1/2	110 1/2	102 1/2	109 1/2	5	
Colorado Fuel & Iron	53	22 1/2	68 1/2	20 1/2	56	20	92 1/2	42 1/2	89 1/2	5		
Columbia Gas & Elec.	..	..	54 1/2	14 1/2	*114 1/2	30 1/2	96 1/2	82 1/2	96 1/2	5	
Congoleum-Nairn	..	..	..	..	*184 1/2	12 1/2	22 1/2	17 1/2	19 1/2	..	
Consolidated Cigar	..	..	..	..	87 1/2	11 1/2	85 1/2	75 1/2	79 1/2	7	
Consolidated Gas	*185 1/2	*114 1/2	*150 1/2	*112 1/2	*145 1/2	56 1/2	109 1/2	94	103 1/2	5		
Continental Can	..	..	*127	*37 1/2	*131 1/2	34 1/2	73 1/2	58 1/2	65 1/2	5	
Corn Products Refining	26 1/2	7 1/2	50 1/2	7	*160 1/2	21 1/2	63 1/2	46 1/2	58 1/2	2		
Do. Pfd.	98 1/2	61	113 1/2	58 1/2	130 1/2	96	130 1/2	128	*130 1/2	7		
Crucible Steel	19 1/2	6 1/2	109 1/2	12 1/2	*278 1/2	48	98 1/2	77	88 1/2	6		
Cuba Cane Sugar	..	..	76 1/2	24 1/2	59 1/2	5 1/2	10 1/2	8	9 1/2	..	
Do. Pfd.	..	..	100 1/2	77 1/2	87	13 1/2	50 1/2	39 1/2	43 1/2	..	
Cuban-American Sugar	*58	33	*273	*38	*605	10 1/2	28 1/2	22 1/2	25 1/2	1		
Cuyamel Fruit	..	..	..	..	74 1/2	32	36	30	35 1/2	..	
Davison Chemical	..	..	..	..	81 1/2	20 1/2	34 1/2	26 1/2	33	..	
Dupont de Nemours	..	..	..	..	*360	105	253 1/2	168	245	*8	
Eastman Kodak	*No Sales	*605	*605	*690	70	149	128 1/2	146 1/2	150	..		
Electric Storage Battery	*64 1/2	*42	*78	*48 1/2	*153	37	79 1/2	63 1/2	70 1/2	5		
Endicott-Johnson	..	..	..	..	150	44	71 1/2	64 1/2	69	5	
Do. Pfd.	..	..	..	..	120	84	121 1/2	116 1/2	*120 1/2	7	
Fisk Rubber	..	..	..	..	55	5 1/2	20	16	17	..	
Do. 1st Pfd.	..	..	..	..	116 1/2	38 1/2	89 1/2	81	85	7	
Fleischmann Co.	..	..	..	..	*171 1/2	75	59	46 1/2	57	3	
Foundation Co.	..	..	..	..	183 1/2	58 1/2	88 1/2	68	70 1/2	5	
Freepoint-Texas	..	..	70 1/2	25 1/2	64 1/2	7 1/2	74 1/2	34	67	4	
General Asphalt	42 1/2	15 1/2	39 1/2	14 1/2	160	23	96 1/2	72 1/2	77 1/2	..		
General Cigar	..	..	..	..	*115 1/2	46	59 1/2	52	59 1/2	4	
General Electric	188 1/2	129 1/2	187 1/2	118	*386 1/2	109 1/2	101 1/2	81	100 1/2	4		
General Motors	*51 1/2	*25	*850	*74 1/2	225 1/2	*81	200 1/2	145 1/2	198	*8		
Goodyear (B. F.) Co.	86 1/2	15 1/2	80 1/2	19 1/2	93 1/2	17	123 1/2	118 1/2	122 1/2	7		
Do. Pfd.	109 1/2	73 1/2	116 1/2	79 1/2	109 1/2	62 1/2	101 1/2	95	*102	7		
Goodyear T. & H. Pfd.	..	..	..	..	114 1/2	35	117 1/2	98 1/2	115 1/2	7	
Do. Prior Pfd.	..	..	..	..	109 1/2	88	111 1/2	105	111 1/2	8	
Granby Consolidated	78 1/2	26	120	58	80	12	42 1/2	31 1/2	32 1/2	1		
Gulf Northern Ore Cfts.	88 1/2	25 1/2	50 1/2	22 1/2	52 1/2	18	23 1/2	19	19 1/2	1 1/2		
Gulf States Steel	..	..	137	58 1/2	104 1/2	25	64	49	52 1/2	5	
Hayes Wheel	..	..	..	..	52 1/2	17 1/2	28 1/2	15 1/2	25	..	
Houston Oil	25 1/2	8	86	10	116 1/2	40 1/2	142 1/2	60 1/2	138 1/2	..		
Hudson Motor Car	..	..	..	11	2 1/2	31	43 1/2	38 1/2	41 1/2	1 1/2	
Inland Steel	..	..	..	..	50	31 1/2	48	41	45	2 1/2	
Inspiration Copper	21 1/2	13 1/2	74 1/2	14 1/2	68 1/2	20 1/2	25 1/2	17 1/2	17 1/2	1		
Inter. Business Mach.	52 1/2	24	*176 1/2	28 1/2	89 1/2	53 1/2	83 1/2	..	
Inter. Combustion Eng.	..	..	..	..	69 1/2	19 1/2	64	43 1/2	46	2 1/2	
Inter. Harvester	121	104	158 1/2	66 1/2	188	135 1/2	184	*6	
Inter. Mercol. Marine.	9	2 1/2	50 1/2	%	67 1/2	47 1/2	8 1/2	6 1/2	7 1/2	..		
Do. Pfd.	27 1/2	12 1/2	125 1/2	8	128 1/2	181 1/2	47 1/2	37	45 1/2	..		
Inter. Nickel	*227 1/2	*135	57 1/2	24 1/2	48 1/2	24 1/2	66 1/2	38 1/2	64	2		
Inter. Paper	19 1/2	6 1/2	75 1/2	9 1/2	91 1/2	27 1/2	60 1/2	39 1/2	40 1/2	2		
Kelly-Springfield Tire	..	..	85	36 1/2	164	9	28 1/2	9 1/2	22 1/2	..	
Do. 8% Pfd.	..	..	101	72	110	33	75 1/2	35	168 1/2	..	
Kennecott Copper	..	..	64 1/2	25	64 1/2	14 1/2	66 1/2	60	65	5	
Kinney (G. R. Co.)	..	..	..	..	103	35 1/2	45	21 1/2	*29	..	
Lima Locomotive	..	..	..	..	74 1/2	52	76 1/2	62	71	4	
Low's Inc.	..	..	..	..	48 1/2	10	63 1/2	48 1/2	55 1/2	2	
Loft, Inc.	..	..	..	..	28	5 1/2	75 1/2	6	63 1/2	..	
Orillard (P. Co.)	*216 1/2	*150	*239 1/2	*144 1/2	*245	27 1/2	32 1/2	23 1/2	28 1/2	2		
Mack Trucks	..	..	..	..	242	25 1/2	118 1/2	88 1/2	118 1/2	6	
Magma Copper	..	..	..	..	46	26 1/2	38 1/2	29 1/2	34 1/2	3	
Mallinson & Co.	45	8	18	11 1/2	16 1/2	..		
Maracaibo Oil Explor.	37 1/2	16	22 1/2	13 1/2	14 1/2	..		

(Please turn to next page)

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Market Letter
this Week

Observations on
**Wright Aeronautical
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**Victor Talking Machine
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New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period		War Period		Post-War Period		1927		Last Sale		Div'd \$ Per Share	
	1909-1913		1914-1918		1919-1926		High		Low			
	High	Low	High	Low	High	Low	High	Low	High	Low		
Marland Oil					63%	12%	58%	36	36%	4		
May Department Stores	*88	*65	*97½	*35	*174%	*60	73%	67½	72%	4		
Mexican Seaboard Oil					34½	5%	9½	5½	5½	1½		
Miami Copper	30½	12%	49%	16%	32%	8	16½	14½	15½	1		
Mortgomery Ward					82%	12	70	60½	65½	4		
National Biscuit	*161	*96%	*139	*79%	*270	35%	138	94½	132½	5		
National Dairy Prod.					81%	30%	85½	70%	82%	3		
National Enam. & Stamp.	30%	9	54½	9	89%	18%	30%	19½	29½	4		
National Lead	91	42½	74%	44	181	63%	202%	160	197	8		
N. Y. Air Brake	98	45	136	55%	*145%	26%	47%	40%	45%	3		
N. Y. Dock	40½	8	27	9½	70%	15½	43%	34	41½	..		
North American Do. Pfd.	*87%	*60	*81	*38%	*119%	17½	50%	45%	49%	10½	\$10%	
Packard Motor Car					52%	31%	52	50	52	3		
Pan-Am. Pet. & Trans.			70%	35	140½	38%	66%	56%	57½	6		
Do. Class B					111½	34½	114½	105½	109	8		
Paramount, Fam. Players-Lasky					127½	40						
Do. Pfd.					124½	66	124%	116½	119½	8		
Philadelphia Co.	59	37	48%	21½	91	26½	110	85½	103	4		
Phila. & Reading C. & I.					54½	34½	47%	41	42			
Phillips Petroleum					69%	16	60½	39%	43½	3		
Pierce-Arrow Do. Pfd.			65	25	99	6½	23%	12½	16½	..		
Pittsburgh Coal			109	88	127½	13½	102½	86	101	8		
Postum Co.	*29%	*10	58%	37%	74%	29	49%	32%	48½	..		
Pressed Steel Car	56	18½	88	17½	113%	34½	70	36½	57½	6		
Do. Pfd.	112	88½	109%	69	106	67	92½	76½	86	7		
Pub. Serv. N. J.					*98%	*29	41%	32	41½	3		
Pullman Company	200	149	177	106½	199%	87½	195%	173½	194½	8		
Punta Allegre Sugar			51	29	120	24%	48%	34½	42½	..		
Pure Oil			143%	81%	61%	16½	33½	36	26½	1		
Radio Corp. of Am.					77%	25%	56½	41½	49			
Ray Consol. Copper	27½	7½	37	15	27½	9%	15½	14½	15½	..		
Repliglo Steel					93½	7½	13½	9½	11½	..		
Republic Iron & Steel Do. Pfd.	49½	15½	96	18	145	40½	75%	56½	68	4		
Royal Dutch N. Y.	111½	64½	112½	72	106½	74	105	96½	105			
Savage Arms			86	56	123%	40%	54½	48½	49½	1.33%		
Schulte Retail Stores			119%	39%	108%	8%	72½	48	53	4		
Sears, Roebuck & Co.	*124½	*101	*233	*120	*243	*54½	54½	47	52½	3½		
Shell Trans. & Trading					90½	29½	47%	43%	46	.97		
Shell Union Oil					31	12½	31½	25%	27½	1.40		
Simmons Company					54½	22	47½	33½	47	2		
Simmons Petroleum					28½	6½	29½	10½	15½	..		
Sinclair Consol. Oil			67%	25%	64%	15	29½	16½	18½	..		
Skelly Oil					37%	8%	37½	25	26½	2		
Sloss-Sh. Steel & Iron	94½	23	98½	19½	143%	32½	134½	123½	131	6		
Standard Oil of Calif.					*135	47½	60½	50½	53½	2½		
Standard Oil of N. J.	*448	*322	*800	*355	*212	30%	41½	35½	37	1		
Stewart-Warner Speed			*100½	*43	*181	21	98½	64½	67	6		
Stromberg Carburetor			45½	21	118½	22½	54½	32½	33½	3		
Studebaker Company Do. Pfd.	49½	15½	195	20	*151	30%	57	49½	52	4		
Tennessee Corp. & Chem.	98%	64½	119½	70	125	76	132	118	*119½	7		
Texas Co.			21	11	17½	6½	13½	8½	9			
Texas Gulf Sulphur	144	74½	243	118	58	29	58	45	47½	3		
Tex. & Pac. Coal & Oil					*184	32%	65½	49	58½	4		
Tide Water Oil			225	165	*195	5½	17½	15½	16	1.90		
Timken Roller Bearing					85%	28½	99½	78	98½	4		
Tobacco Products Do. Class A	145	100	82%	25	116½	45	110½	93½	97½	7		
Transcontinental Oil					118%	76	116½	108	111½	7		
Union Oil of Calif.					62%	1½	6½	33%	5%	..		
United Cigar Stores					58%	33	52½	39%	42%	2		
United Drug Do. 1st Pfd.			90%	64	175½	46½	182½	159	175	9		
United Fruit	208½	128½	175	105	*294	95½	132½	113½	130½	4		
U. S. Cast I. Pipe & F. Do. Pfd.	32	9½	31½	7½	280	10½	94½	202	240½	10		
U. S. Indus. Alcohol	57½	24	171½	15	167	35½	89	74½	74½	5		
U. S. Realty & Imp.	87	49½	63½	8	*184½	17	66½	54	56½	4		
U. S. Rubber	59½	27	80½	44	143%	28½	67½	49½	50½	..		
Do. 1st Pfd.	123½	98	115½	91	119½	66½	111½	100½	102½	8		
U. S. S. Ref. & Min.	59	30	81½	30	78½	18½	42	33	36½	3½		
U. S. Steel Do. Pfd.	94½	41½	136½	38	160½	70½	174½	158½	174½	9.80		
Utah Copper	131	102½	123	102	130%	104	133½	129	133	7		
Vanadium Corp.	67½	38	130	48½	116	41½	115½	111	115	6		
Western Union					97	19½	53½	37	45½	3		
Westinghouse Air Brake	141	132½	143	95	146	76	164½	144½	162½	8		
Westinghouse E. & M.	45	24½	74%	32	84	38½	77½	67½	76½	4		
White Eagle Oil					34	20	27½	22	23	2		
White Motors			60	30	104½	29½	58½	45½	48½	4		
Willys-Overland Do. Pfd.	*75	*50	*325	40	40½	4½	98	88	90	7		
Wilson & Co.			100	69	123%	23	98	88	90			
Woolworth (F. W.) Co.	*177%	*76½	*151	*81½	*845	79½	145½	117½	144½	5		
Worthington Pump Do. Pfd. A.			69	23½	117	15	40½	20½	39			
Do. Pfd. B.			100	85%	98½	44	59½	46	58½	..		
Youngstown Sh. & Tube			78½	50	82	37½	56½	40	50			

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock.
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**Weekly
Market Letter**

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Electric &
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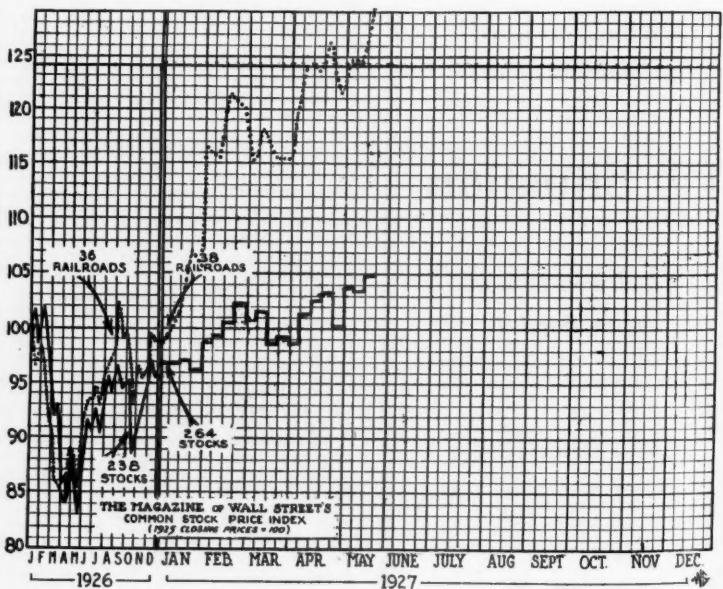
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THE MAGAZINE OF WALL STREET'S COMMON STOCK PRICE INDEX (1925 Closing Prices = 100)

Number of Issues in Group	Group	1927 Indexes (264 Issues)		Recent Indexes		1928 Indexes (238 Issues)		
		High	Low	May 14	May 21	Close	High	Low
264	COMBINED AVERAGE	104.9	96.7	103.5	104.9H	95.7	102.0	83.1
38	Railroads	129.3	98.5	124.7	129.3H	98.5	102.2	84.3
4	Agricultural Equipment	74.1	63.4	66.9	67.3	69.8	111.9	61.8
2	Alcohol	100.0	82.1	93.4	90.5	83.6	103.2	56.6
12	Automobile Accessories	87.0	79.3	85.8	85.2	81.0	104.4	78.0
16	Automobiles	76.8	70.9	75.9	76.8	76.4	104.0	66.7
3	Baking	83.6	63.0	69.4	70.4	82.0	108.6	69.2
3	Business Equipment	153.9	108.5	152.8	153.9H	108.5	109.3	82.2
5	Chemicals and Dyes	127.4	107.3	121.4	125.0	107.3	111.5	92.0
9	Construction & Bldg. Mat'l.	88.4	77.9	88.4	85.9	84.4	101.4	71.0
3	Containers	100.4	93.9	96.5	100.3	100.1	110.8	85.7
10	Copper	122.1	115.5	116.9	119.1	118.7	122.8	91.6
2	Dairy Products	80.0	61.0	63.7	64.3	80.0	(Begin 1927)	
4	Department Stores	77.7	70.4	77.5	77.7	73.7	101.0	67.6
4	Drugs and Toilet Articles	166.4	147.3	163.8	166.4H	152.5	159.1	100.0
7	Electric Apparatus	98.8	91.6	94.2	95.7	96.1	105.2	86.8
8	Foods and Beverages	77.9	72.0	77.4	77.9	76.9	101.2	72.3
3	Furniture	104.2	89.1	104.1	104.2	91.6	121.0	80.7
2	Leather	91.6	69.8	83.8	91.6	69.8	102.4	65.6
2	Mail Order	89.2	82.8	88.3	88.1	88.0	101.6	75.0
5	Marine	106.6	74.0	105.3	106.6	79.6	110.8	73.0
2	Meat Packing	74.8	55.1	62.2	60.3	74.4	102.6	69.6
5	Metals	94.3	81.9	88.6	94.3	105.7	78.1	
7	Miscellaneous	108.8	96.7	107.1	107.8	100.0	(No record)	
3	Paper and Publishing	175.5	150.4	175.5	172.8	150.4	187.8	75.5
35	Petroleum	103.5	86.9	91.8	91.5	95.3	102.3	85.2
11	Public Utilities	110.3	93.1	106.1	110.3H	96.3	102.0	82.4
1	Radio	125.9	97.2	107.1	107.6	123.6	139.5	78.8
8	Railroad Equipment	114.4	100.3	113.0	114.4H	101.4	103.3	84.8
1	Real Estate	95.7	88.5	93.0	94.8	94.4	102.8	74.3
5	Recreation	120.3	109.8	113.1	113.3	115.2	118.2	98.6
6	Rubber	91.4	64.4	81.4	82.5	64.4	114.3	59.8
13	Steel	97.3	83.9	93.7	95.1	83.9	100.6	75.8
4	Sugar	112.7	98.6	107.0	107.2	112.0	116.1	92.5
2	Sulphur	290.4	166.1	270.9	287.2	166.1	170.0	100.0
2	Telephone	116.1	104.6	114.8	116.1H	104.6	105.6	97.3
3	Textiles	107.5	71.9	98.2	96.4	92.5	104.6	57.7
9	Tobacco	151.5	144.8	149.3	151.5H	147.8	148.3	94.5
5	Traction	142.4	126.4	135.2	136.6	127.5	136.9	94.0

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An unweighted Average of weekly closing prices, specially designed for investors. The 1927 Index includes 264 issues, distributed among 36 leading industries; and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

ANSWERS TO INQUIRIES

(Continued from page 232)

ing. Years ago, Soo Line operated on a very profitable basis, and the shares were held in high esteem as investments, but with the decline in logging operations along the territory served, it has lost one of its most lucrative sources of revenue, and it has been rather hard put to make this up in other directions. Considering the efficiency of the management, and the strong affiliations of this road, it is reasonable to expect in the course of time its affairs will be placed on a higher plane, but anything noteworthy along those lines seems to lie a considerable distance ahead. We believe that better investment opportunities lie elsewhere.

ATLANTIC GULF & WEST INDIES

Would you be so kind as to give me an expression of opinion with reference to Atlantic Gulf & West Indies stock? I am very much interested in this security, having held 100 shares of both common and preferred since 1925 when I purchased the one at 74, and the other at 58. Thus far my investment has not proved a very profitable one and I am wondering if it would be advisable to effect a change. What is the present situation surrounding this company?—W. H. W., Boston, Mass.

Atlantic Gulf & West Indies Steamship Lines and subsidiaries did not do any too well from an earning standpoint last year, earning only \$444,151 after depreciation, taxes, interest, etc., equivalent to \$3.23 a share earned on outstanding 137,429 shares of 7% preferred stock. The previous report covering 1925 operations showed net income of 1.87 millions, equal to \$5.94 a share on 199,458 no par shares of common stock after allowing for preferred dividend requirements. A minor improvement was effected in its financial position last year, but hardly sufficient to offset its otherwise poor showing. At various times in the past few years Atlantic Gulf has given promise of better things, but invariably has lapsed into indifferent performances. The outlook is uncertain and there seems little incentive to retain this stock.

SIMMS PETROLEUM

I wrote to you about six months ago regarding Simms Petroleum, and you advised me to dispose of my stock at the then current prices which were considerably above those now prevailing. I am sorry I did not take your advice, but since the dividend has been passed and my funds are non-producing, I have come to the conclusion that it would be well for me to dispose of my stock. Is this in accord with your advice?—R. A. L., Baltimore, Maryland.

Although Simms Petroleum is not operating to any extent in a flush pool, the company has felt the adverse effects of the present depression in the oil industry to an extent whereby it has been necessitated in foregoing dividend payments on the capital stock. Earnings for the first quarter of 1927 amounted to \$839,255 after inventory adjustments, against \$958,400 in the corresponding period of last year. While Simm's current production of around 12,000 barrels daily is considerably above that of this time last

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A—Cotton cord is the backbone of every tire. So no tire can be better than the cord used in it—and the quality of United States Tires benefits greatly by these cord mills.

Owned and operated by the U. S. Rubber Company, they were established for the purpose of producing an adequate supply of fine cotton cord, made strictly according to the specifications laid down for United States Tires, and always uniform.

The establishment and operation of these mills, like every other United States Rubber Company development, leads directly to longer tire life and greater value for the car owner's dollar.

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Trade  Mark

UNITED STATES
ROYAL CORD
BALLOON

The United States Rubber Company operates its own Cotton Mill at Winnsboro, S. C.



SPRAYED RUBBER WEB CORD FLAT BAND METHOD

year, the company is by no means receiving the same prices. It is significant to note that of the first quarter's production, about 4,500 barrels was light oil, making \$1.30 a barrel average, against \$2.25 a barrel average last year, a reduction of 40%. As a matter of fact, present prices for crude are less than production costs, necessitating the running of a substantial part into storage. Simms will of course conserve its finances by foregoing payments on the stock, something which should react to its ultimate advantage, but since the immediate outlook is far from satisfactory, material price appreciation is remote. We believe it would be well for you to dispose of your holdings.

ST. L. & SAN FRANCISCO

Would you advise me to accept profit on 25 shares of St. Louis & San Francisco Railway common stock which I purchased at \$61 a share in 1925? The company seems to be doing very well from an earnings standpoint, but the stock is not getting anywhere in the market and I am wondering if I would not have an opportunity to replace my holdings to good advantage at a later date.—E. F. N., New York City.

Earnings of St. Louis & San Francisco Railway for 1926, amounting to 7.54 millions, or the equivalent of \$14.17 a share earned on outstanding 502,783 shares of common stock compare favorably with those of 1925 when net of 7.16 millions was equal to \$14.88 a share on 452,778 shares of common stock. Since the company suffered no material damage from the inundation in the Mississippi Valley, the outlook seems to be for further progress along constructive lines. The shares thus have merit for long pull holding, but we believe that current quotations discount the existing situation to a considerable extent, and it is quite possible the shares will be available to somewhat better advantage. We feel you would be justified in accepting profits.

WESTINGHOUSE ELECTRIC

Why has Westinghouse Electric been so sluggish in the market? I have noted favorable comment on this stock from time to time in the columns of THE MAGAZINE OF WALL STREET, and am convinced that Westinghouse is a sound investment, but since I invest fully as much for profit as for income, I might say that it has proved a disappointing holding. Do you think better things are in prospect, or would it be well to switch to something with clearer defined prospects?—H. D. C., Pittsburgh, Pa.

Next to General Electric, Westinghouse Electric & Manufacturing Company is probably the largest factor in the electrical field. The company is manufacturing almost everything electrical from the heaviest hydro-electric and railway equipment to the smallest electric light bulb. The company's products are many and diversified, as a result of which it is not dependent upon a single industry for any substantial part of its revenues, and can show good earnings during all but periods of general depression. As a result of operations last year, the company showed the equivalent of \$6.80 a share earned on the 2,370,063 shares of combined preferred and common stocks of \$50 par value. This compares with \$5.95 a share on the combined stocks

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in the previous year. At the end of the year the company was in strong financial condition, having net working capital of 102 millions, and cash, securities and investments in excess of 46.67 millions. Average earnings of this company over a period of years have been substantially in excess of dividend requirements, as a result of which an impregnable financial position has been built up. The long range outlook from a trade and earning standpoint is favorable to an extent that not only do the shares appear to have a substantial degree of investment merit, but also good prospects for price appreciation over a reasonable period of time.

PUNTA ALEGRE SUGAR

I have heard a great deal about the improvement in trade conditions affecting the cane sugar growing industry, and I am very much interested inasmuch as I am a holder of 100 shares of Punta Alegre Sugar purchased at \$5 last year on the advice of THE MAGAZINE OF WALL STREET. Do you think it advisable to accept my profits or would it be well to retain?—H. B. B., Boston, Mass.

The situation surrounding Punta Alegre Sugar appears more promising than it has at any time during the past two years. Advances in the price of sugar and molasses, together with operations on the most efficient basis in the company's history, indicate that 1927 returns will compare very favorably with those of previous years. All of the company's mills have finished grinding for the season with total output of 1.2 million bags of 325 pounds each, compared with 1.39 million bags produced last year. In the 1926 fiscal year the company earned the equivalent of only 17 cents a share on 381,537 shares of common stock of \$50 par value. Last year, however, the company received only 2.26 cents a pound for sugar, leaving a profit margin of only three-tenths of a cent a pound. Present indications are for profits at least double last year's figure. The improvement in molasses prices will also aid the company materially. Punta Alegre has an advantageous contract with the Dunbar Molasses Company at prices considerably better than the 4.417 cents a gallon, f.o.b. Cuba, received last year. On this basis, it is evident that there are grounds for optimism, and the prediction that the shares will reach higher price levels seems to rest on a solid foundation. We counsel some further patience on your part.

SIMMONS COMPANY

Acting upon the advice of my broker I purchased 50 shares of Simmons Company stock last year at \$52 per share, and as you know, now have a substantial paper loss on my investment. I understand the company did rather poorly from an earning standpoint last year. Do you think that the worst aspects of the situation have been discounted, or would it be advisable to dispose of my stock to avoid further possible loss?—R. A. L., Birmingham, Alabama.

The report of the Simmons Company covering operations in the fiscal year ended November 30, 1926, showed that the company earned net profit of 2.78 millions after depreciation, federal taxes, etc., equivalent after 7% preferred dividends to \$2.37 a share on



For The Motorist Who Knows

The exacting motorist, who cannot be content with average service from his tires, finds complete tire satisfaction with the Fisk Extra Heavy Balloon. For extra comfort, extra safety, extra mileage, learn to know the Fisk Extra Heavy Balloon, the super tire for super service.

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SURVEY the entire Investment Field, and you will find no form of security more attractive or more admirably suited to the average need than these protected mortgage bonds.

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Write today for our descriptive booklet which tells why these securities are so desirable. It will be sent free upon request.

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BALTIMORE - MARYLAND
FISCAL AGENTS

1 million shares of no par common stock. This compares with 4.17 millions, or \$3.75 a share in 1925. 1926 appears to have been a year of adjustment for Simmons. The company effected some radical changes in the design and quality of its merchandise, hence was necessitated in liquidating to a low point all inventories of old style products. Consequently, its manufacturing schedule was severely curtailed, and the margin of profit reduced to a minimum. As matters now stand, Simmons has effected a thorough house cleaning, and should give a good account of itself in months to come. Nevertheless, it seems that considerable time will elapse before the company is successful in redeveloping a substantial and lasting earning power, hence the shares seem to have merit only for long pull holding. We are inclined to believe your funds could be employed to better advantage elsewhere.

ANACONDA COPPER

What is your interpretation of the situation surrounding Anaconda Copper? I have held this stock over a number of years, purchasing in 1923 at \$52 1/4 a share. During the greater part of the interval which has elapsed, the stock has been considerably below my purchase price but now is within striking distance. If the metal situation was showing any signs of brightening I would feel somewhat optimistic, but as matters stand today I find it rather difficult to enthuse over the prospects of this or any other copper mining company. Do you think I should hold my stock with a view to eventual recovery, or would it be well to dispose of it at these levels?
—E. L. S., St. Louis, Mo.

Considering conditions prevailing in the metal industry last year, the ability of Anaconda Copper to show the equivalent of \$4.74 a share earned on 3 million outstanding shares of capital stock might have been considered a noteworthy achievement. While these figures represent a decline from the \$5.84 a share in 1926 it is interesting and important to note that gross earnings were 11 millions above those of 1925 and that the decline was due in large part to extraordinary expenses. A survey of the company's financial position at the end of 1926 reveals an interesting situation, cash and marketable securities being carried on the books at 34.82 millions, while its metal inventory aggregated 46.14 millions. In this connection it is evident that any sudden change in the metal situation will have a decided effect upon income account in months to come. After all, Anaconda Copper has demonstrated its ability to hold its own in spite of unsatisfactory metal conditions now existing, and since any change in the situation promises to be in the nature of an improvement, we believe that a constructive attitude toward the future is warranted. It is interesting to note that the extremely low cost South American properties of this company are now coming into quantity production, something which should augment earnings in months to come. In view of these circumstances, the shares have gained both in investment and speculative flavor, and in our opinion, should be retained.

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66 Broadway

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New York

THE "WHELAN" STOCKS

(Continued from page 225)

pany takes advantage of all cash discounts in making purchases and retails only standard merchandise at standard prices.

The original United Cigar store was established on Nassau Street in New York in 1901 by George J. Whelan himself, conceived upon the lines which have given such popularity to the chain which now has reached 1,200 directly operated units and 2,000 small town agencies. The company's methods are so well known and so generally understood as to need no description.

Up to about 1919 United Cigar Stores progressed about the same as other typical successful merchandising enterprises. It paid liberal stock dividends, financed expansion largely from earnings and was conservatively managed from a financial point of view. Since about that time the company has figured prominently in stock market operations of a unique character. First, it became the nucleus of the ambitious United Retail Stores enterprise which challenged the imagination of speculators in the great bull market of 1919. Upon the dissolution of United Retail Stores, control of which had been acquired by Tobacco Products, most of the stock passed into the hands of the latter company. Recently rumors have been abroad that the new Union & United Tobacco Corporation, which already is understood to have a stock interest both in United Cigar Stores and Tobacco Products, might become the controlling factor through some kind of a series of exchange of stock offers. Not so long ago there was a persistent report that Tobacco Products would be dissolved, and shareholders of that company in the process would obtain United Cigar Stores stock in exchange for their holdings.

During all this time there always has been some of the minority stock of United Cigar Stores outstanding in the hands of the public. At one time this minority interest was said to be down to around 4% of the total amount of common issued; but through the sale to the public of shares received by Tobacco Products as stock dividends, this minority interest now is said to have increased to around 20%. The small amount of stock available for trading purposes has made possible market operations of a peculiar nature. It has been easy to keep the price up, and systematic selling campaigns have enabled Tobacco Products to market its quarterly increment at prices which would enable the controlling corporation to pay dividends larger than its own net profits plus its interest in the cash operating income of its principal subsidiary. Apparently, Tobacco Products is using the United Cigar Stores stock dividend (1 1/4% quarterly) to supplement the cash income received

JUNE 4, 1927



PAGE FROM THE

Phone Primer...

OH! see the an-gry man! Why is he so mad?

He has been try-ing to talk over the tel-e-phone with the man in the next off-ice since lunch time and the line has been bus-y for ov-er an hour.

Why does he not walk in and see him?

Be-cause he has al-read-y walked ten miles to-day to at-tend off-ice con-fer-ences and his feet are sore.

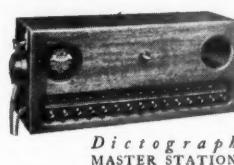
Does he not know that the off-ice switch-board is so bur-dened with in-ter-off-ice calls that the tel-e-phones are tied up half the time?

No, he does not. If he did, he would in-stall a Dict-o-graph for swift and sure in-ter-iор com-mun-i-ca-tion.

Then he would be hap-py and could save his feet for golf.

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In the investment field, safety and progress are especially dependent upon practical knowledge of past events and their causes. Under the management of the same family for nearly three-quarters of a century, the House of Greenebaum is guided by an exceptionally rich fund of experience, used constantly for the protection and profit of its patrons. Moreover, as the Oldest Real Estate Bond House, founded in 1855, this institution will continue to specialize exclusively in first mortgage investments, the kind that have established an unequalled record for safety to investors during the past 72 years.



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In its 17 years of growth net earnings of Cities Service Company have been over \$200,000,000.

In the same time the Company has paid dividends totaling more than \$86,000,000 in cash and securities to owners of its Common stock, which at its present price gives you a net yield of about 8½% on your money.

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Name

Address

(123 C-18)

from the United Cigar Stores cash dividend (50 cents quarterly) in the payment of the \$7 cash dividend on its own common stock.

In the meantime, as the tabulation shows, the capitalization of United Cigar Stores, largely because of the liberal stock dividend policy, has been increasing faster than earning power. Realizing that if this stock dividend practice is to continue earning power must be increased, United Cigar Stores now is engaged in an aggressive expansion program, planning to open 700 new stores this year. To obtain funds for this expansion a new issue of preferred stock recently was sold. This preferred stock issue will take care of the retirement of the old 7% preferred and the elimination of some subsidiary bonds, as well as provide between 9 and 10 million dollars of new capital.

The new capitalization will be about as follows:

Real estate mortgages (Dec. 31, 1926), \$10,701,092; 6% cumulative preferred (\$100 par), 200,000 shares; common stock (\$25 par), 1,933,036 shares.

Including appreciation in the valuation of leaseholds (shown above) net profits last year were equal to \$4.66 a share on the new stock capitalization (this includes the 1¼% stock dividend paid in the first quarter). It will be noted that the company is earning the \$2 cash dividend paid on the common by a margin of \$2.66 a share per annum, and that there is a bookkeeping surplus of \$1.41 a share even after the \$1.25 (5% on \$25 par) stock dividend; but that the stock being distributed has a market value of about \$4.50 a share against a book value of \$1.25 a share. Thus, Tobacco Products, as the chief owner of United Cigar Stores common, is receiving cash and stock which it can sell, and apparently is selling, together with about \$6.50 a share. In other words, Tobacco Products is able to pay its holders about \$6.50 for each share of United Cigar Stores, as actually realized income from this source, held, although United Cigar Stores is earning only \$4.66 a share, something over \$1 of which is appreciation in value of leaseholds which is not being realized in cash. This certainly is unusual, to put it mildly. How long can it go on? Recognizing that United Cigar Stores is a most excellent property, does it not seem that its stock is being constantly "watered," to use a once popular but now nearly obsolete expression, in order to pay dividends in cash on Tobacco Products common?

As long as this 5% stock dividend is continued on United Cigar Stores, and as long as the floating supply is small enough to enable market sponsors to maintain the market price, the common returns an excellent yield on the investment. But is it reasonable to suppose that the ever increasing floating supply of stock, and the constantly more critical attitude of investors will permit a stock, with gradually dimin-

(Please turn to page 256)

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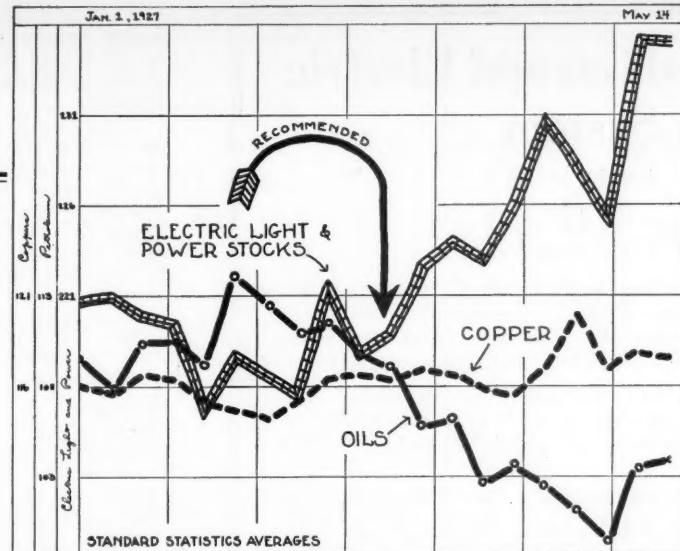
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Have You Profited From This Move In *Electric Light & Power Stocks?*

Since late February, at a time most persons overlooked them, the American Securities Service has again and again pointed out the sound position and possibilities for real profit in electric light and power stocks.

Despite mixed movements in the general market, *already* substantial profits have accrued on electric light and power stocks, as—

STOCK	Recommended at	Date	Closing Price May 21	Profit Based on Outright Purchase
United Gas Improvement	....94½	April 2	107½	13%
Electric Power & Light	....17	Feb. 19	23½	38½%
Electric Investors	....35	Feb. 26	38½	10%
Engineers Public Service	....23½	March 12	28½	22%
Utilities Power & Light B	....14½	March 19	18½	29½%

For more than three years now, the American Securities Service has been recommending electric light and power stocks at what later proved to be profitable buying times—see arrow above, which shows our latest general buying recommendation—and *every purchase has shown a profit*. Here again, the last three months, at the same time many stocks like coppers merely see-sawed and oils sold off, our clients taking on electric light and power stocks have already netted generous profits.

What Further Profits Ahead Now?

*While many stocks are now high, and unsafe, certain
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These particular stocks are described, and the whole electric light and power outlook analyzed with care, in another special industrial report just prepared for our clients. This report should prove valuable, like our last March report already has been. A few copies reserved for distribution, free.

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Send me copy of your latest "Special Report on Electric Light & Power Stocks," also copy of "Making Profits in Securities," both free.

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Associated Gas and Electric System

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23,000 Customer-Investors

Over 37,000 persons have invested in Associated securities, of whom 23,000 are customers and employees. This represents a growth from less than 1,000 shareholders in 1919 to the present number.

Customer-ownership, fostered and developed by public utilities, has grown to such proportions that it has given a new meaning to "public" in public utility.

Public Utility Management Has Two Responsibilities

Not only do the utilities serve the public but they are in a large measure owned by it. This in turn has added a new responsibility to management. It must provide

Adequate service to its customers
Sound securities to its investors

Customer-ownership is helping slowly to revolutionize the investing and savings habits of thousands of persons. It offers sound securities with good yields which customers may purchase on a partial payment plan.

The management of the Associated Gas and Electric Company is fully aware of this double responsibility to its public in providing dependable service and sound securities.

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Incorporated in 1906



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Associated Gas and Electric Securities Company
61 Broadway New York

Dividends

Remington-Noiseless Typewriter Corporation

Preferred Dividend No. 10

NEW YORK, May 26, 1927.

The Board of Directors has this day declared a quarterly dividend of \$1.75 per share on the Preferred Stock payable July 15, 1927, to stockholders of record July 1, 1927.

HAROLD E. SMITH,
Secretary.

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BOND & MORTGAGE CORPORATION

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THE MONTANA POWER COMPANY COMMON STOCK DIVIDEND NO. 59

A dividend of one and one quarter per cent (1 1/4%) on the Common Stock has been declared, payable July 1, 1927, to stockholders of record at the close of business on June 10th, 1927.

Checks will be mailed.

J. F. DENISON, Treasurer.
25 Broadway, New York, N. Y.

(Continued from page 254)
ishing equities back of it, indefinitely to sell for 19 times per share profits? How will Whelan's ingenuity solve the problem?

Regardless of the obvious investment qualities of the 6% preferred which lately was gobbled up at 109 by hungry investors, the common stock of United Cigar Stores at prevailing prices is in a highly speculative position. On analysis it does not appear to be worth as much as Schulte Retail Stores, selling around 53, paying \$8.50 in cash and earning around \$5 a share.

TOBACCO PRODUCTS CORPORATION

The assets of Tobacco Products Corporation consist of:

(1) About 1,500,000 shares of United Cigar Stores common stock; (2) The contract whereby American Tobacco leases its brands for \$2,500,000 per annum for 99 years from 1923; (3) Some unimportant manufacturing assets; (4) Miscellaneous security holdings, probably in such companies as Tobacco Products Export, American Tobacco, Philip Morris, Ltd., etc.; and (5) A net working capital of \$6,017,351 (at the end of 1926). Its only capital liabilities are 448,092 1/2 shares of \$7 non-cumulative class A common (for all practical purposes a non-callable preferred stock which shares equally with the common in event of liquidation) and 659,330 1/2 shares of common. Dividends are paid regularly on both classes of stock at the annual rate of \$7 a share.

The income of the company is derived mainly from the following source:

	Income per annum
American Tobacco lease..	\$2,500,000
United Cigar Stores cash dividend	3,000,000
United Cigar Stores stock dividend, about 75,000 shares at 90.....	6,750,000

Total (without interest on bank balances and income on miscellaneous stocks) \$12,250,000

Class A dividend requirements are \$3,136,648 per annum. This leaves nearly \$14 a share for the common stock. If the operating income of United Cigar Stores (exclusive of lease appreciation) applicable to the Tobacco Products interest in the company be used as the measure of earning power, Tobacco Products really is earning only a little over \$7 a share. Since the nature of the stock dividend operation is discussed in detail under United Cigar Stores, no further comment is necessary.

Should the stock dividend on United Cigar Stores be discontinued, the continuity of the \$7 dividend on Tobacco Products common could be assured through an increase in the United

Cigar Stores cash rate from \$2 to \$3 or \$3.50 per annum, and Tobacco Products might be able to continue the current \$7 rate for a while through distribution of part of its net quick assets, even without any increase in the United Cigar Stores \$2 cash rate.

Recognizing Whelan's aptitude for recapitalizations and inter-company operations of the kind which, figuratively speaking, make two dollars worth of stock grow where only one dollar's worth grew before, it has been suggested that Tobacco Products Corporation might be liquidated and its affairs wound up to the advantage of stockholders. At current prices for United Cigar Stores stock, the liquidating value of the two classes of Tobacco Products stock is around \$160 a share against a selling price of about 112 for the class A and 100 for the common. It also has been suggested that all the Tobacco Products assets might be absorbed by Union & United Tobacco, the new Whelan investment company, through some kind of an exchange of stock arrangement. In event of dissolution United Cigar Stores stock probably would not sell as high as it is now selling because of the consequent increase in floating supply. As stressed above, the high price of United Cigar Stores shares seems to be due to a considerable extent to the small floating supply.

All things considered, Tobacco Products common and Tobacco Products class A both appear to be selling at a more reasonable price than United Cigar Stores common. Either United Cigar Stores is much too high or Tobacco Products issues, the common especially, are too low.

PHILIP MORRIS CONS., INC.

This company was formed last summer to bring under one management the Whelan-Philip Morris, Ltd., Inc., and the Schulte Continental Tobacco. It is a holding company controlling a majority interest in both companies and effecting an interesting exchange of brands and a more adequate sales outlet for both. Through it Philip Morris, Ltd., Inc., obtains the right to manufacture and sell the new Barking Dog Cigarette, so widely advertised lately. Chiefly through this brand it is said that Philip Morris now is making and selling more cigarettes than was Tobacco Products at the time the lease of its brands was sold to American Tobacco.

Prior to the consolidation, neither of the operating companies had much earning power, and since the union practically all of net seems to have been utilized to introduce the new cigarettes. From an investment standpoint both of the Philip Morris companies may be regarded as in about the same light as an unproved but promising mining enterprise. No statement of capitalization or earnings

JUNE 4, 1927



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National Surety Company.....	15,874,656	35,235,774
Maryland Casualty Company.....	11,110,692	40,334,498
Fidelity & Deposit Company.....	8,162,673	22,492,043

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CAPITAL & SURPLUS \$7,000,000 TOTAL RESOURCES \$60,000,000 80,000 DEPOSITORS

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of Philip Morris Cons., Inc., ever has been issued.

In passing, it is worth noticing that following the close of the exchange of stock offer whereby one share of common and one-half share of class A stock of Consolidated was given for each share of Philip Morris, Ltd., Inc., which was turned in, Philip Morris, Ltd., Inc., stock had a big rise on the stock exchange, a rise which would not have been as easy save for the depleted floating supply which the exchange of stock created. This is mentioned because the move in the stock seemed so typically Whelan. It followed closely the lines of a move in Universal Pipe preferred, which also came directly after the end of an exchange of stock offer.

UNION & UNITED TOBACCO

So far, Union & United Tobacco, organized by the Whelan people in March, 1926, seems to be nothing more than an investment company. It is known to hold a large block of Schulte Retail Stores, some of both Philip Morris corporations, a few thousand shares of United Cigar Stores, a little Tobacco Products, and so on. Part of its holdings appear from the balance sheet to be held for it by brokerage houses in margin accounts. Profits of \$1.69 a share last year on the 250,000 shares of common issued apparently were derived partly from trading in various stocks, presumably in Whelan issues. Union & United Tobacco is supposed to take an interest in the management of the companies in which it has a stock interest, but it has been stated that complete control of any older company is not contemplated.

Eventually, and perhaps soon, Union & United probably will announce the formation of a new operating company to produce cigarettes and other tobacco products in competition with older manufacturing companies. This new subsidiary may be the newly organized Anglo-American Tobacco Company, and hardly could fail to include the Philip Morris corporations. Unofficial hints have been about on one occasion that American Tobacco might be willing to sell back its lease of the old Tobacco Products brands to the Whelan people, and it is known that American Tobacco plans to concentrate itself more and more in the cigarette field.

About all one can say about Union & United is that it is still in the formative period, and eventually may look much unlike the company which it now is. Probably the Whelan people intend to make the company a most important part of their tobacco system.

OTHER COMPANIES The other Whelan tobacco companies are much smaller and may be treated in a word. United Profit Sharing centers operations around the

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coupons given in United Cigar Stores and Happiness Candy Stores. It pays 5% in stock semi-annually and occasional extras in cash on the 215,270 shares of common issued, and last year earned about \$1.70 a share. The corporation has been recapitalized several times in the past seven years.

Tobacco Products Export originally was organized to exploit the Oriental tobacco trade, but has had a rather unfortunate career and is nearer being a failure than any of the other Whelan companies. Some of the Whelan executives are said to have lost a lot of money in this issue, the history of which might have been different but for the troubles in China in late years.

Happiness Candy owns something over 60 candy stores in New York City and elsewhere. It is earning and paying about 50 cents a share per annum, with profits fluctuating little. Happiness products are sold in United Cigar Stores. In the past the Whelan people have been interested in Porto Rican American Tobacco, which recently acquired control of Congress Cigars; but so far as is known they have had little to do with this company in late years.

Important Corporation Meetings

Company	Specification	Date of Meeting
Pine Oil	Annual	6-4
American Beet Sugar	Directors	6-6
Arlom Corp.	Directors	6-6
Barnst Leather	Directors	6-6
Intern'l Mercantile Marine	Annual	6-6
International Nickel	Directors	6-6
Lowe-Wiles Biscuit	Directors	6-6
Western Pacific R. R.	Directors	6-6
All America Cables	Annual	6-7
American Express	Dividend	6-7
Associated Oil	Directors	6-7
Atchison, Top. & Santa Fe	Directors	6-7
Border Co.	Directors	6-7
Fox Film Corp.	Directors	6-7
General Asphalt	Directors	6-7
International Shoe	Com. Div.	6-7
Leading Co.	Annual	6-7
South Porto Rico Sugar	Special	6-7
Standard Oil of N. J.	Annual	6-7
Timken Roller Bearing	Directors	6-7
Air Reduction	Dividend	6-8
Continental Can	Directors	6-8
Foundation Co.	Directors	6-8
Macy, E. H.	Directors	6-8
Westinghouse El. & Mfg.	Ann. & Dir.	6-8
Woolworth, F. W.	Directors	6-8
American Railway Express	Directors	6-9
Burn Bros.	Annual	6-9
Cane Threshing Machine	Directors	6-9
Hudson & Manhattan R. R.	Directors	6-9
Southern Pacific	Dividend	6-9
Union Pacific System	Directors	6-9
U. S. Realty & Improvement	Directors	6-9
Minns Petroleum	Directors	6-10
Westinghouse Air Brake	Dividend	6-10
General Clear	Directors	6-11
Canadian Pacific Ry.	Directors	6-13
Param. Famous Lasky Corp.	Pfd. Div.	6-13
Alumna Load	Directors	6-14
American Beet Sugar	Annual	6-14
American Brake Shoe & Fdy.	Dividend	6-14
American Chain	Directors	6-14
American Linseed	Directors	6-14
Jewel Tea	Directors	6-14
National Biscuit	Directors	6-14
Pan American Pet. & Trans.	Annual	6-14
Tenn. Copper & Chemical	Directors	6-14
Thompson, J. R.	Dividend	6-14
United Fruit	Directors	6-14
Western Union Telegraph	Directors	6-14

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Canadian Securities

For the convenience of investors interested in Canadian securities, this table will be published every other issue:

	Price	Divid. dead	Yield %
Abitibi Pwr & Paper	90	\$5.00	5.5
Bell Tele. of Can.	147	8.00	5.4
Brazil Traction	143	6.00	4.1
Canadian Pac.	184	10.00	5.4
Christie, Brown	59	1.20	2.0
Dome Mines	8	1.00	12.5
Ford of Canada	430	15.00	3.4
Granby Con.	39	1.00	2.5
Hollinger Gold	20	1.30	6.5
Howe Sound	39	4.00	10.2
Imperial Oil	43	†1.25	2.9
Interna. Paper	40	2.00	5.0
Interna. Nickel	65	2.00	3.0
McIntyre Porcupine	*24	1.00	4.1
Mont. Lt., Ht. & Pr.	84	2.00	2.3
National Brew.	68	4.00	5.8
Price Brothers	54	2.00	3.7
Quebec Power	*290	7.00	2.4
Shawinigan Power ...	87	2.00	2.3
Spanish River	98	7.00	7.1
Bank of Mont.	*298	14.00	4.6
Can. Bank of Com. ...	*242	13.00	5.3
Royal Bk. of Can. ...	*272	14.00	5.1

* Bid price. † Including extras.

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Subscribers to The Investment and Business Forecast of The Magazine of Wall Street make money from our advices. Each week they are advised what new market commitment to make, what holdings to close out. Each stock is carried in the table week after week with a recommendation indicating whether it is still in a buying position—should be held or sold.

Below, we give a complete transcript of every transaction closed out between January 1 and May 25 this year—187 points actual net profits taken since the first of the year, a record which we believe no other security advisory service has ever approached.

CLOSED OUT SINCE JANUARY 1, 1927

Total profits taken	201
Total losses	14
Net profits	187 points

(Trading Advices Indicated by T)
("half" indicates that only half of commitment has been sold)

	Recommend- ed at	Sold at	Gain av.	Loss		Recommend- ed at	Sold at	Gain av.	Loss
Allied Chemical (short sale)					N. Y., Ont. & West.	T	24 1/2	24 1/2	
half unit	137	*142	2 1/2		Norfolk & Western (half sold 17 1/2, half 170) ..	160 1/2	171 1/2	av. 11	
Allis Chalmers (half sold 105, half 103)	89	104	av. 15		Peoples Gas Light & Coke.	119	128	9	
American Steel Foundries ..	42	44	2		Republic Iron & Steel, pf.	96	104	8	
American Sugar (half)	82	88	av. 3		Safety Cable	53	53		
Baltimore & Ohio .....T	106 1/2	108 1/2	2		Schulte Retail Stores, pf.	116	118	2	
Barnsdall, A .....T	28	32 1/2	4 1/2		Skelly Oil (half sold 28, half 26)	31	27	av. 4	
Bethlehem Steel	47	53	6		St. Louis S'western	81	88	av. 7	
Ches. & Ohio (half sold 169, half 166)	161	167 1/2	av. 6 1/2		Studebaker Corp.	56	53		3
Columbia G. & E., pf.	96	101	5		St. Louis & San Fran., pf.	86	97	11	
Commercial Credit 1st pf..	24	22			Texas Corp. (half sold 47, half 45)	45	*46	av. 1	
Dodge Bros., A .....T	24 1/2	27	2 1/2		United States Steel ....T	155 1/2	S.O.		
Endicott Johnson	T	66 1/2	68	1 1/2	U. S. Rubber				
General Motors (short sale)					(half sold 66, half 65).T	62	65 1/2	av. 3 1/2	
half unit	188	*192	av. 2 1/2		Wabash Railway "A" pf..	71	90	19	
Gulf Mobile & Nor.	99 1/2	110 1/2	11		Westinghouse E-M (half) ..	69	74	av. 2 1/2	
Hudson & Manhattan	36	52 1/2	16 1/2		White Sewing Mach. deb. 6's ..	99	116	17	
Kennecott Copper	52	62	10		Youngstown S. & T. (half sold 94, half 87)	87	90 1/2	av. 3 1/2	
Loew's Inc.	49	58	9		*Allowing for 10% stock dividend.				
Montana Power	T	77	88	11	*Covered at				
N. Y. Air Brake	T	43	44 1/2	1 1/2					

What is meant by 187 points net profit? It represents the points profit on the basis of one share of each of the stocks shown in the table. One point is equal to one dollar. On ten shares of each stock shown — and \$1,000 in the one bond carried — the profits would have been \$1,870.

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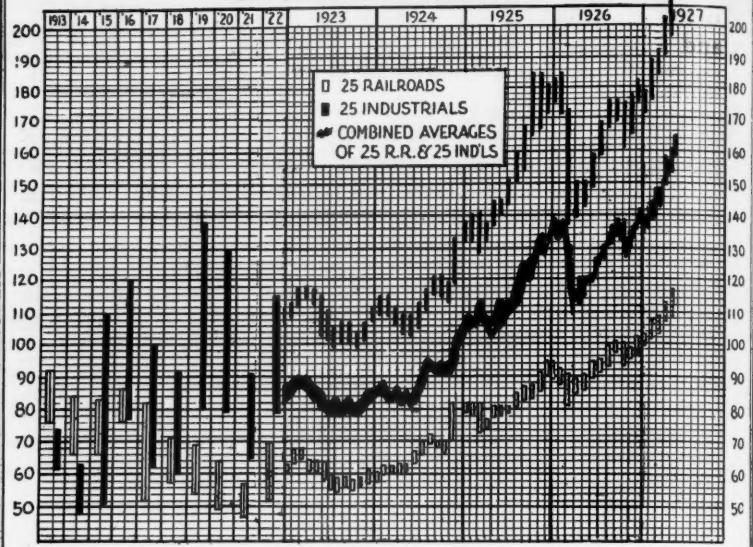
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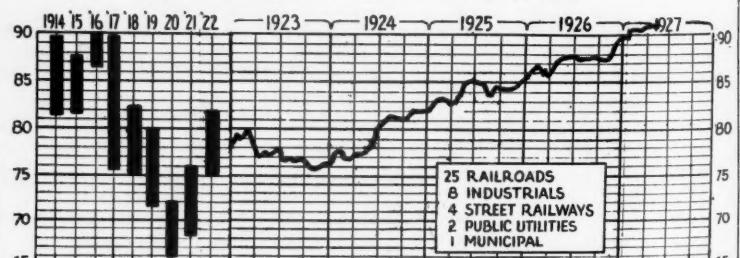
STOCK MARKET AVERAGES



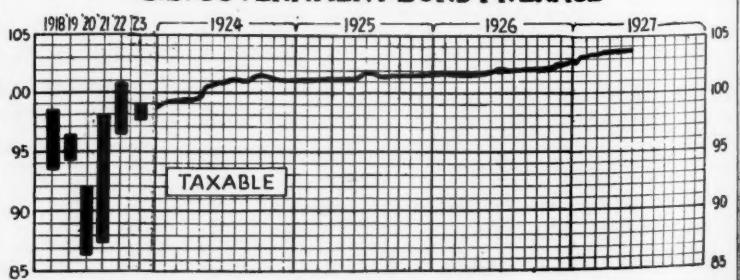
MARKET STATISTICS

	N.Y. Times 40 Bonds	Dow, Jones Avg. 20 Indus.	20 Rails	N.Y. Times —50 Stocks—		
				High	Low	Sales
Thursday, May 12.	91.91	167.06	132.91	159.94	158.01	1,757,760
Friday, May 13....	91.58	168.15	133.76	160.51	158.09	1,663,574
Saturday, May 14....	91.63	168.46	133.78	160.64	159.16	891,030
Monday, May 16....	91.55	166.68	133.12	160.20	157.81	1,605,094
Tuesday, May 17....	91.55	168.09	133.78	160.10	158.30	1,503,350
Wednesday, May 18	91.59	168.98	134.36	162.03	159.63	2,056,740
Thursday, May 19.	91.38	170.29	134.87	163.54	160.72	2,304,860
Friday, May 20....	91.52	171.75	135.65	164.55	161.66	2,548,500
Saturday, May 21....	91.52	172.06	135.60	164.83	162.91	1,308,075
Monday, May 23....	91.49	171.67	135.91	164.96	162.41	2,154,091
Tuesday, May 24..	91.50	171.06	135.63	164.93	162.64	2,090,295
Wednesday, May 25	91.43	171.31	136.88	164.76	162.04	2,285,110

AVERAGE PRICE OF 40 BONDS



U.S. GOVERNMENT BOND AVERAGE



INSURANCE DEPARTMENT

(Continued from page 230)

their first class standing, and anticipated safety, and thereafter with a view to as high a return as is compatible with that type of security.

Excellent long term 4% bonds could have been bought about seven years ago for from 75 to 80, yielding over 5%, which now might be sold for more than 95, yielding just about 4 1/4%. For example, Union Pacific 4% Land Grant Bonds could have been bought about seven years ago at a price of from 75 to 80, yielding over 5 1/4%, yet the present yield (with a selling price of 96 or better) is only just about 4 1/4%. For longer term bonds, such as Atchison General 4's, the current yield is even a little less. With equal safety, a higher income can be derived from annuities, although no principal remains after death.

The man and wife whose children are grown and independent of their parents' help can safeguard their own future, and enjoy a peaceful old age with no financial worries if they purchase a Joint and Survivor Annuity from a sound life insurance company.

This type of annuity is one that could also be purchased with advantage by two sisters,—say, women who have passed their three score years. The return on the purchase price of annuities placed on the lives of women is somewhat less than that for men, owing to the fact that, as a class, women after middle life show greater longevity than men, and there is a consequent necessity for paying the income over a longer period. The income from a Joint and Survivor Annuity is necessarily less than the yield from an annuity on a single life. Another qualifying factor in reducing the income somewhat is when one of the two lives under the Joint and Survivor contract is a woman,—or both, as in the case of an annuity placed on the lives of two sisters. This for the reason above stated; that elderly women as a class live longer than elderly men.

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What you want to know now is whether grain should be bought immediately, or should purchases be deferred until later on? Your profits depend upon this question. You do not want to be wrong, if there is a chance of being right.

FORECASTS—

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An expert scientific analysis of world's conditions, as well as other factors on which rise or fall of prices depend, does forecast the ultimate outcome. Such analysis tells whether immediate purchase is advisable, and a forecast predicated on fundamental premises can be depended upon. For example:

Just about a year ago price of our wheat was ruling around \$1.75 to \$1.90 per bushel. A great bull market was on. The market was very active, but suddenly prices began to fall. It developed that our prices had mounted to a level which placed our markets above a world's parity. Our export sales fell off. Supplies could be had from other countries in sufficient quantities at lower prices.

But, while such developments were only natural, many of the trade were caught napping by the sudden change, and thus, hav-

ing loaded up at top prices, lost on the decline. However, because of thirty-five years in grain trading, I not only had sensed developments which caused the advance in price but also the subsequent development which caused the decline. Naturally, some wonderful profits were offered by my service.

Now an opportunity is offered to you to secure forecast on the ultimate grain outcome for the 1926-27 season. If you want to know whether grain should be purchased immediately, or whether to defer purchases, accept at once the opportunity which I now offer to you.

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THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

Div.	Rate	1927		Last Sale May 26
		High	Low	
Anglo & Londen Paris Nat. Bank	\$10.00	232	195	210
Banitaly Corporation	2.24	119 1/4	89 3/4	119 1/4
Bank of Italy, new	....	178 1/4	171	171 1/4
East Bay Water A Pfd.	6.00	98 1/2	96	97 1/4
Federal Brades	....	18	9 1/2	16 1/4
Great Western Power Pfd.	7.00	104 1/4	102 1/4	103 1/4
Key System Prior Pfd.	7.90	65	30	39
Los Angeles Gas Pfd.	6.00	100 3/4	98 3/4	100 1/4
Pacific Telephone & Tel. Pfd.	6.00	114 1/2	102	111 1/4
Pacific Gas & Elec.	2.00	35	31 1/4	37 1/4

Industrials and Miscellaneous

Alaska Packers' Assn.	8.00	185	165	185
California Packing	4.00	69 1/2	61	64 1/2
California Petroleum	2.00	33	21 1/2	25
Caterpillar Tractor, new	1.20	30	26 3/4	27 1/4
Emporium Corporation	2.00	39	34	34 1/2
Foster & Kleister (om.)	1.00	13 1/2	12	12 1/2
Hale Brothers	2.00	36 1/2	31	33
Hawaiian Coml. Sugar	3.00	50	48	49 1/2
Hawaiian Pineapple	1.80	55 1/2	49 1/2	50
Home Fire & Marine	1.60	32 1/2	28 1/2	31
Honolulu Cons. Oil	2.00	42 1/2	33 1/2	36 1/2
Hunt Brothers Packing "A"	2.00	26 1/2	24	24 1/2
Illinois Pacific Glass "A"	2.00	38 1/2	31 1/2	34 1/2
North American Oil	3.60	43	28 1/2	35 1/2
Paraffine Common†	6.00	*139 3/4	64 1/2	65 1/2
Richfield Cons. Oil	1.00	26 1/2	14 1/2	19 1/2
Schlesinger A Common	1.50	23	20	23
Shell Union Oil	1.40	31 1/2	26	27 1/2
Southern Pacific	6.00	115 1/2	106 1/2	115 1/2
Sperry Flour Common	....	51	44	48 1/2
Spring Valley Water	6.00	108 1/2	101 1/2	105 1/2
Standard Oil of Calif.	8.50	60 1/2	50 1/2	54 1/2
Union Oil Associates	1.99	56 1/2	37 1/2	42
Union Oil of California	2.00	56 1/2	39 1/2	43 1/2
Union Sugar Common	1.00	19	16	16 1/2
Yellow & Checker Cab "A"	.80	9 1/2	8 1/2	9
Zellerbach Corporation	1.50	32 1/2	28	32

† Split 2 for 1. * Old stock.

NORFOLK & WESTERN STILL UNDervalued

(Continued from page 213)

dollar of net income has been kept in the business. Surplus has been increased just under 80 million dollars after adding 25 millions to reserve accounts. On December 31, last, Norfolk's common stock had an asset value of \$192.50 a share.

The fact that the Interstate Commerce Commission's finding of value as of 1916 would, brought up to date, reduce Norfolk's book values by around \$20,000,000 or \$15 per share of common stock should not give any cause for serious apprehension. The commission's finding is in terms of 1914 values. Applying thereto present day values would result in a far higher

equity for Norfolk shares than is shown on the company's books.

Similarly, of course, Norfolk's present earnings would be subject to recapture if the commission were able to sustain its contention, earnings in excess of about \$13 a share being divisible with the Government whereby the 1926 showing of nearly \$26 a share would be reduced to a little over \$19 a share, an improbable contingency as it is decidedly unlikely that the commission's viewpoint will find confirmation in the Supreme Court, although it is quite conceivable that at some future time a smaller portion of the company's earnings might become subject to recapture. At worst this circumstance would lend a softening influence to any decrease in earnings which might sometime result from a partial realignment of production in the soft coal industry, as one-half the loss would be the Government's.

Although Norfolk's development has

been entirely along intensive lines, it has one outside investment that should be given consideration. This is the Pocahontas Coal & Coke Co. which holds some 300,000 acres of coal lands in Virginia and West Virginia. The company is not engaged in mining but leases its lands to operating companies on a royalty basis whence it derives most of its income. About 180,000 acres are so leased at the present time. While earnings in the past have not been large, there has been a distinct upward tendency in the last few years, results in 1926 being the most favorable so far with net income after all charges of \$453,318. The output of coal from the company's leased property in 1926 was 16,500,000 tons. Without doubt, the value of the Pocahontas Coal & Coke should increase considerably in process of time, while the subsidiary serves to insure the railroad of a good freight tonnage.

The largest item in Norfolk & Western's investment account is \$26,725,415 of short-term railroad, state, county and municipal obligations, representing the investment in income producing securities of cash not required as working capital. This amount which might at some time, along with the Pocahontas Coal & Coke equity, form the basis of a special distribution to stockholders is equivalent to over \$19 per share of common stock.

Low Funded Debt

With Atchison, Norfolk & Western shares the distinction of being the best capitalized large road in the country. Funded debt on December 31 last constituted less than 43% of its total capitalization. The histories of both concerns afford an irrefutable argument for the use of convertible bonds in railroad borrowing. It seems superfluous to weigh the company's debt maturities, but it is interesting to note that of the \$15,700,000 bonds (exclusive of equipment notes) falling due in the next ten years all but \$326,000 bear 6% coupons and can be refunded at a substantial saving of interest. Among the 6% issues there remained at the close of the year \$1,153,000 to be converted into common stock.

The broad base of common stock upon which Norfolk & Western's earnings rest, naturally imparts a great deal of stability to per share results. Viewing all angles of the situation impartially it is difficult to see why earnings should fall below \$15 even under very unfavorable circumstances. Meanwhile the company is keeping pace with 1926 earnings and is perhaps capable of still better results. Although made up partly of an extra, the \$10 dividend paid last year may undoubtedly be regarded as a fixture.

A price of \$200 for Norfolk & Western common would only measure its investment value. The speculative potentialities included in \$26 share earnings, an excess of cash assets and possibility of an eventual lease to the Pennsylvania would call for further appreciation.

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New York Curb Market

IMPORTANT ISSUES
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1927 Price Range

Name and Dividend	High	Low	Price	Recent
Albert Pick Barth w/t	14½	12½	14½	
Aluminum Co. of Amer.	73	67½	65	
Amer. Cigar (8)	148½	115	115½	
Amer. Gas & Elec. (1)††	100½	68½	87½	
Amer. Seating (3)	47½	41½	47½	
Amer. Super Power A (1.2)†	37	27½	37	
Amer. Super Power B (1.2)†	38	28½	38	
Beacon Oil*	20½	15	16½	
Celotex Co. (3)	83	70	73½	
Centrif. Pipe (0.60)*	18½	10½	12½	
Cities Service Now (1.2)†	58½	40½	45½	
Cities Service Pfd. (6)†	92½	87	90½	
Consol. Gas of Balt. (3½)*	59½	50½	59½	
Consolidated Laundries (2)*	22½	20	20½	
Curtiss Aerop.	25½	19	22	
Curtiss Aero Pfd. (7)†	94	84½	91½	
Durant Motors†	14½	5½	10	
Elect. Bond & Share (1)†	76½	66½	74½	
Electric Investors†	40½	33½	38½	
Fajardo Sugar (10)...	164	150	155	
Ford Motor of Canada (15)...	500	393	433	
General Baking A (5)*	63½	55½	58½	
General Baking B*	7½	4½	5½	
Gillette Safety Razor (3)†	95	86½	92	
Glen Alden Coal (10)†	182	159½	179½	
Goodyear Tire & Rubber*	58½	28½	56	
Gulf Oil (1.5)†	96½	85½	89½	
Happiness Candy Store (50c)	7	4½	5½	
Hecla Mining (2)†	15½	12½	14½	
International Utilities B...	6½	3	5½	
Johne-Manville, new (3)...	74½	55½	73	
Land Co. of Florida†	36	18½	19	
Lion Oil & Refining (2)*...	27½	22	24	
Metro Chain Stores††	45	30	43½	
Mountain Producers (2.40)†	26½	22½	24½	

1927 Price Range

Name and Dividend	High	Low	Price	Recent
New Mex. & Arizona Land†	13½	9½	11½	
New Jersey Zinc (8)...	194½	179	183	
Hippling Mining (600)*	10½	5½	6½	
Northern Ohio Power†	13½	9½	11	
Pacific Steel Boiler (1)*...	13½	10½	10½	
Puget Sound P. & L.†	34	28	33½	
Reo Motor (80c)†	33½	19½	23	
Salt Creek Producers (3½)†	32	27½	28½	
Servel Corporation A†	10½	5½	7½	
So'East Pwr. & Lt. (new 1)†	36½	29½	36½	
So'East Pwr. & Lt. Pfd. (4)†	78	67½	77½	
Stutz Motors*	21	13½	18½	
Tidewater Associated (1.2)†	23½	15½	17½	
Tidewater Assoc. Pf. (6)†	95½	90	90½	
Trans. Lux*	8½	5	5½	
Tobacco Products Export...	8½	3	5½	
Tubing Artif. Siltk (10)...	225	145	238½	
United Electric Coal (1.10)...	33½	22½	27½	
United Gas & Improvem't (4)	108½	89	106½	

STANDARD OIL STOCKS

Continental Oil (1)†...	22½	17½	17½
Humble Oil (1.8)†...	62½	54	55½
International Pet. (.75)...	34½	28½	29½
Ohio Oil (9)†...	64½	55	55½
Prairie Oil & Gas†	55½	45	45½
Standard Oil of Ind. (2.6)†...	74½	64½	68½
Vacuum Oil (5)†...	120½	95½	120½

* Listed in the regular way.

† Admitted to unlisted trading privileges.

†† Application made for full listing.

A STRONG market for utility shares, with the oils still weak and industrials mixed, summarizes price tendencies on the Curb during the past fortnight. Pronounced moves were witnessed in *American Gas & Electric*. *American Super Power Class A and B Stock*. *International Utilities B* and *Southeastern Power & Light* all establishing substantial gains for the period and the last three selling into new high ground for the year. Two issues on the Curb which participated in the "Lindbergh market" were *Curtiss Aero* and *Vacuum Oil*—the former on the activity at the Curtiss Field prior to the flight and latter through the famous aviator's selection of a brand of this company's lubricants for his motor. Aside from such momentary interest, however, Vacuum's move to over 120, new high for the year, is a further reflection of this company's fundamental strength.

Among the industrials, *Goodyear Tire & Rubber* was taken in hand for a sensational rise above 58; a ten-point gain over its previous high watermark coincident with the settlement of the litigation concerning control of the company. That the settlement was made out of court led traders to anticipate harmony for the future among the factions striving for control. Many of the industrials and most of the oil shares ended the period fractionally lower. *Celotex* sold to close to the low of the year; *Ford of Canada* experienced another sinking spell, with most of the motors weak.

With the current interest in sugar stocks, *Fajardo Sugar* common on the Curb, has failed to come in for its share of attention and at the current price of around 155 appears to have interesting long range possibilities in addition to its admitted investment merit. This company is one of the most stable earning propositions among raw sugar producers — its output amounting to roughly 8% of the entire average production of Porto Rico. The company is also one of the most conservatively capitalized of the sugar companies with no capital issues outstanding, except 64,800 shares of \$100 par value common stock. The net tangible asset value of these shares is in excess of \$140 a share or only a fraction under the present selling price.

The earnings report for the fiscal year ended July 31, 1926, covering a period which was universally an unfavorable one for practically all of the sugar producing companies, is the principal factor which has held the shares down to their present level. During this period, net earnings of \$8 a share were fractionally under the present dividend rate, but compared with \$22 a share in the previous fiscal year, \$23 a share in the 1924 period and \$19 in 1923, the latter figures more nearly reflect the normal earning power of the shares than does the 1926 report and those who are buying for more or less permanent retention have the advantage of a favorable buying level at present.

A MACHINIST MAKES LONG RANGE INVESTMENT PROFITS IN SECURITIES

(Continued from page 229)

list. Less than a week later I was agreeably surprised to receive a dividend check on these three shares.*

Every time I went to New York I crossed on the tubes to Cortlandt St. and often I had to visit offices in the Hudson Terminal Buildings. I couldn't see why the Hudson & Manhattan wasn't making money—I knew the refunding 5% bond that I owned had increased in price and was now highly regarded. I knew also of extensions under way which would bring in larger return when completed.

The boom season of the year in suburban territory is the Spring. So it is apt to be with railroads serving such territories. Figuring that it was better to buy before the boom, I bought 20 shares of Hudson & Manhattan in December at 38.

Around the Christmas season, big companies and banks distribute handsome bonuses and extra dividends. Stocks are prone to rise and to stay up until January funds are invested. I noticed that Empire Trust was one of those going higher, so I wrote the broker to sell my three shares. This was done—and they got 383 for me! Better still, I received the January 1 dividend, this being two dividends in slightly more than three months.

February is usually a poor month to sell anything but I made two profitable sales in February, 1927, and one in late January. My Timken had soared and I sold near enough to the top to be satisfied—at 93. There would come a time when I could buy it back again cheaper, I felt certain. Warner Sugar bonds went up and I sold at 104. Bush Terminal debentures had been slowly climbing with the months and I sold them at 95. Still later Hudson & Manhattan enjoyed that Spring boom and in March mine went for 54, which was near the high.

A summary of these transactions appears elsewhere on these pages, which are "not bad" for long distance transactions, conducted with borrowed capital and all in "slow moving" securities. The table shows a total profit of over \$1,300. Commissions are not deducted because other returns overbalance them—the raise in Timken dividend during the year, for instance. The list is of sales only; there were other gains in stocks not listed but bought in the same manner—a big rise in Great Northern, one in People's Gas, a stock dividend due April 1 from Texas, etc., etc.

For the benefit of others who would follow the same plan, one point should be brought out: Not one of these issues was bought while a spotlight was being thrown upon it, but each of them



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WIDE VARIATIONS IN SHORT-TERM SECURITIES

(Continued from page 217)

count from parity, and there may yet be an opportunity for them to achieve parity before maturity, thus enabling a profit cash-in, if the money is needed before maturity date. On the other hand, there are many who favor Union Pacific and Michigan Central bonds, and others of that ilk, simply because the narrowness of the market enables an advantageous cash-in at all times. Others seek (and perhaps more wisely) to obtain higher yield, without reference to premium and closeness of bid and ask prices, since they do not figure upon a fractional sacrifice in case of forced sale. It is the old dilemma of higher yield and looser market versus smaller yield and hard market. It depends on the need of the individual.

The last group of bonds, those enjoying an intermediate maturity are the poor sisters of the bond family. They have too long a maturity for short-term investors and too short a maturity for long-term investors. Quality for quality they are always undervalued since few wish to reinvest with commission costs, etc., and with an altered money market in prospect in less than three years. They would seem at present prices to be ideal for such investors as are "building their future income," and are in a state where they require a tentative rather than a definitive investment program. For such, it is doubtful whether on a comparative basis, intermediate maturity bonds have ever been cheaper than they are today.

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Room with private toilet, \$2.50. Room with private bath, \$3.50. Double room with private bath, \$5.00.

M. P. MURTHA, General Mgr.

PUTS & CALLS

If stock market traders understood the advantages derived from the use of PUTS & CALLS, they would familiarize themselves with their operation.

PUTS & CALLS place a buyer of them in position to take advantage of unforeseen happenings.

The risk is limited to the cost of the Put or Call.

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If all the sales you lost—or even half of them—could be turned into sales made, how would it affect your income?

The Babson Course in Investments and Security Selling—the Standard Course used by scores of well known bond houses for training their salesmen—will give you a training in *selling securities* and *keeping clients satisfied* that will practically insure your success.

Our booklet *Security Salesmanship*—the Profession fully outlining this Training will be sent at your request—gratis.

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THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

MEN
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LITHOGRAPHED LETTERHEADS

\$1.25 per 1000

IN LOTS OF 50,000
25,000 at \$1.50—12,500 at \$1.75 or
6,250 our Minimum at \$2.25 per 1000
Complete—Delivered in New York

ON OUR 20 LB. WHITE PARAMOUNT BOND

A Beautiful, Strong, Snappy Sheet
HIGHEST GRADE ART WORK AND ENGRAVINGS
GEO. MORRISON COMPANY

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BIG BUSINESS OPPORTUNITY

300 MACHINES EARNED \$5040 IN ONE YEAR;
300 machine \$2448; \$160 machine \$2160. Many
St. Louis machines earned annually \$4000. One
man placed 300. Responsible company offers ex-
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bilities. Protected territory. \$1000 to \$3000 invest-
ment. Experience unnecessary. NATIONAL KEL-
LAG COMPANY, 312 N. 19th St., St. Louis, Mo.

For complimentary copy of The Pro-
motors' Hand Book, a leaflet on financing,
write to Amster Leonard, 617 Central Ave.,
East Orange, N. J.

Dividends

LOEW'S INCORPORATED

"Theatres Everywhere"

May 23, 1927.

The Board of Directors of this Company has declared the regular quarterly dividend of fifty cents per share on the Capital Stock of this company, payable June 30th, 1927, to stockholders of record at the close of business June 17th, 1927.

Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

Union Carbide and Carbon Corporation

A cash dividend of One Dollar and Fifty Cents (\$1.50) per share on the outstanding capital stock of this Corporation has been declared, payable July 1, 1927, to stockholders of record at the close of business June 4, 1927. Books do not close.

WILLIAM M. BEARD,
Treasurer

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of two per cent (2%) has been declared payable on the 15th July, 1927, to shareholders of record at the close of business on the 23rd June, 1927.

W. H. BLACK,
Secretary-Treasurer

ALLIED CHEMICAL & DYE CORP. 61 Broadway, New York

May 31, 1927.

Allied Chemical & Dye Corporation has declared quarterly dividend No. 26 of one and three quarters per cent (1 3/4%) on the Preferred Stock of the Company, payable July 1, 1927, to preferred stockholders of record at the close of business June 10, 1927.

V. D. CRISP, Secretary

JUNE 4, 1927

Dividends

Armour Dividends

On May 20th the Board of Directors of Armour and Company met and declared the following dividends:

ARMOUR AND COMPANY ILLINOIS

The usual quarterly dividend (1 3/4%) on the preferred stock payable July 1, 1927, to stockholders of record, June 10, 1927.

ARMOUR AND COMPANY OF DELAWARE

The usual quarterly dividend (1 3/4%) on the preferred stock payable July 1, 1927, to stockholders of record, June 10, 1927.

PHILIP L. REED
Treasurer.

Dividends

Associated Gas and Electric Company



61 Broadway, New York

Dividends

The Board of Directors has declared the following quarterly dividends payable July 1 to holders of record May 31, 1927:

Dividend No. 22

Original Series Preferred Stock—
87 1/2¢ per share plus the extra dividend of 12 1/2¢ in cash or 4.67/100ths of a share of Class A Stock for each share of Preferred Stock held.

Dividend No. 8

\$7 Dividend Series Preferred Stock
\$1.75 per share in cash or
4.67/100ths of a share of Class A Stock for each share of Preferred Stock held.

This is equivalent to permitting holders of said Preferred Stocks to apply their cash dividend to the purchase of Class A Stock at the price of approximately \$37.46 per share as compared with the present market price of \$40.50 per share. The stock dividend is equivalent to about \$4.32 per share per annum for the Original Series as compared with the cash dividend of \$4.00 per share, and about \$7.56 per share per annum for the \$7.00 Dividend Series Preferred Stock.

M. C. O'KEEFFE, Secretary.

E. I. DU PONT DE NEMOURS & COMPANY

Wilmington, Del., May 16, 1927.

The Board of Directors has this day declared a regular dividend of \$2.00 per share on the outstanding no par value common stock of this Company, payable June 15, 1927, to stockholders of record at the close of business on June 1st, 1927, and an extra dividend of \$1.50 per share on the outstanding no par value common stock of this Company on July 6, 1927 to stockholders of record at the close of business on June 1st, 1927; also dividend of 1 1/2% on the outstanding Debenture Stock of this Company, payable July 25, 1927, to stockholders of record at the close of business on July 9, 1927.

CHARLES COPELAND, Secretary.

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors, May 17th a quarterly dividend of one and three-quarters per cent (1 3/4%) on the Preferred Stock and one and one-half per cent (1 1/2%) on the Common Stock was declared, payable on June 15th, 1927 to Stockholders of record June 1, 1927.

H. P. BISHOP,
Secretary.

May 17, 1927.

REPUBLIC IRON & STEEL COMPANY PREFERRED DIVIDEND NO. 91

At a meeting of the Board of Directors of the Republic Iron & Steel Company, the regular quarterly dividend of 1 1/4% on the Preferred Stock was declared payable July 1st, 1927 to stockholders of record June 14th, 1927.

RICHARD JONES, JR.
Secretary.

271

\$60,000,000

The Goodyear Tire & Rubber Company

First Mortgage and Collateral Trust 5% Bonds

To be dated May 1, 1927

(Closed Issue)

To mature May 1, 1957

To be authorized and issued \$60,000,000. Coupon bonds in interchangeable denominations of \$1,000 and \$500, registerable as to principal. Interest payable May 1 and November 1 without deduction for Normal Federal Income Tax not exceeding 2% per annum. Principal and interest payable in full at the principal office of Dillon, Read & Co., New York City, Pennsylvania, Connecticut and California personal property taxes not exceeding four mills per annum and Massachusetts Income Tax not exceeding 6% per annum refundable. Redeemable as a whole, or in part by lot, at any time, on 30 days' notice, at the following prices and accrued interest: to and including May 1, 1929, at 101; thereafter to and including May 1, 1937, at 103; thereafter to and including May 1, 1947, at 102; thereafter to and including May 1, 1952, at 101, and thereafter at 100. The Union Trust Company, Cleveland, Ohio, Trustee. The company has agreed to make application in due course to list these bonds on the New York Stock Exchange.

The following information is contained in a letter from Mr. P. W. Litchfield, President of the company:

THE COMPANY

The Goodyear Tire & Rubber Company, incorporated in 1898 in the State of Ohio, is, with subsidiaries, the largest manufacturer of rubber tires in the world. Directly and through subsidiaries, the company is engaged in practically all branches of the rubber industry, including the growing of rubber, the manufacture of tire fabric, tires and a wide range of other rubber products, and the sale of its products throughout the world. Included in the company's holdings of stocks of subsidiaries are the entire common stock of Goodyear Tire & Rubber Company of California and 76% of the common stock of The Goodyear Tire & Rubber Company of Canada, Ltd., the largest rubber company in Canada.

SALES AND EARNINGS

Consolidated net sales and net income of The Goodyear Tire & Rubber Company and its subsidiaries, after deducting depreciation, subsidiaries' interest and dividends on their preferred stocks held by the public (which together amounted in 1926 to \$1,611,535), minority interests in profits of subsidiaries, and all other charges except charges of the parent company for Federal income taxes and on interest-bearing indebtedness, for the three years ended December 31, 1926 as certified by Messrs. Price, Waterhouse & Co., and for the three months ended March 31, 1927 as shown by the books of the company and its subsidiaries, have been as follows:

	1924	1925	1926	Three Months Ended March 31, 1927
Consolidated Net Sales.....	\$138,777,718	\$205,999,829	\$230,161,356	\$57,518,868
Consolidated Net Income.....	17,444,494	20,331,555*	14,467,734**	6,421,335

*After deducting special raw material reserve of \$8,000,000.

**After charging excess cost of rubber and cotton, to the net amount of \$5,250,000, to special raw material reserve previously created therefor.

Consolidated net income, as stated above, for the three fiscal years ended December 31, 1926, averaged \$17,414,594 per annum, or more than 5½ times the maximum annual interest requirement of \$3,000,000 on this issue of bonds.

SECURITY

The bonds will be the direct obligation of the company and will be secured, in the opinion of counsel, by direct first mortgage upon fixed assets (to be defined in the mortgage) of the company, now owned and hereafter acquired, carried on the books of the company as of December 31, 1926 at approximately \$45,000,000 after depreciation, by pledge of stocks of certain subsidiaries including stocks representing a net worth of over \$25,000,000 as shown by the books of the respective subsidiaries as of December 31, 1926, and by pledge of obligations totaling more than \$20,000,000 representing advances to subsidiaries.

MARKET EQUITY

The total market value of the 7% preferred stock and the common stock of The Goodyear Tire & Rubber Company, based on current market quotations, is in excess of \$115,000,000.

PURPOSE OF ISSUE

The entire proceeds of these bonds together with additional cash from the company's treasury, will be used to redeem the First Mortgage 20-Year 8% Sinking Fund Gold Bonds, Ten-Year 8% Sinking Fund Gold Debenture Bonds and 8% Cumulative Prior Preference Stock now outstanding.

PURCHASE FUND

The mortgage will provide for an annual purchase fund, payable semi-annually, of \$600,000 or 10% of consolidated net earnings, to be defined in the mortgage, for the preceding fiscal year after allowance for dividends on preferred stock, whichever is greater, to be applied to the purchase of bonds at not exceeding 100 and accrued interest, unexpended balances reverting periodically to the company.

MANAGEMENT

No change in the executive management of the company is contemplated. An agreement for the termination of all pending stockholders' litigations has been entered into. This agreement contemplates that at or before the completion of this financing a board of directors acceptable to all interests will be elected for a term of three years, after which time the directors will be elected annually, and that upon completion of this financing and the reconstitution of the board of directors all voting trusts will be terminated. Redemption of the first mortgage bonds and debenture bonds will result automatically in the retirement of the management stock now outstanding.

Statements herein are in no event to be construed as representations by us.

We offer these bonds for delivery of, when and as issued and accepted by us, subject to stockholders' action and to the approval of legal proceedings by counsel. It is expected that delivery will be made on or about June 3, 1927, in the form of interim receipts of Dillon, Read & Co.

Price 97 and interest. To yield about 5.20%.

The above is subject to a circular containing further information which may be obtained on request.

Dillon, Read & Co.

The National City Company Guaranty Company of New York Lee, Higginson & Co.

Bankers Trust Company

White, Weld & Co.

Blair & Co., Inc.

Kissel, Kinnicutt & Co.

Hemphill, Noyes & Co.

Hallgarten & Co.

A. G. Becker & Co. Halsey, Stuart & Co. Blyth, Witter & Co. Cassatt & Co.

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Incorporated Chicago

The Union Trust Company
Cleveland

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*Always
plenty of ice cubes*

WHAT a comfort on hot days to have a generous-sized bowl kept full of ice cubes—and to have a never-failing source that keeps the supply constantly replenished!

That's just one of the delights of Frigidaire electric refrigeration. And, no matter how many pounds of ice cubes you take from Frigidaire, the food compartment is always cold—always safe for the preservation of even the most perishable meats and vegetables.

Remember that Frigidaire is the name of the electric

refrigerator that offers you all these advantages:

- (1) Complete and permanent independence of outside ice supply.
- (2) Uninterrupted service—proved by the experience of more than 300,000 users—more than all other electric refrigerators combined.
- (3) A food compartment that is 12° colder than you can expect with ice—temperatures that keep foods fresh.
- (4) Direct frost-coil cooling and self-sealing tray fronts,

giving a dessert and ice-making compartment always below freezing.

(5) Beautiful metal cabinets designed, built and insulated exclusively for electric refrigeration.

(6) An operating cost that is surprisingly low.

(7) Value only made possible by quantity production, General Motors purchasing power and G. M. A. C. terms.

Write to us for complete information about Frigidaire, or visit the nearest Frigidaire Sales Office.

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THE American people have had many favorites. But there's never been a choice like Camel.

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That is true. Camel quality is just as supreme as its leadership. In Camel, no

substitute has ever been made for quality. No compromise has ever been made with expense. For Camels, the world's largest tobacco organization buys the choicest Turkish and Domestic tobaccos grown. There simply are no better tobaccos or blending.

If you don't yet know that supreme tobacco enjoyment, try Camels. All the taste and fragrance, all the mild and mellow pleasure you ever hoped to find! We invite you to compare them with any cigarette made, regardless of price.

"Have a Camel!"

R. J. REYNOLDS TOBACCO COMPANY, WINSTON-SALEM, N. C.

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